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The Commercial and FINANCIAL CHRONICLE

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Peacetime Problems Of The Aviation Industry

By HARRY WOODHEAD

President, Consolidated Vultee Aircraft Corporation

Harry Woodhead

In forecasting the peacetime prospects of the aviation manufacturing industry, it is necessary to consider the uses to which planes may or may not be put after the war. This involves a discussion of military, commercial transport, private and business fields. The manufacturer has been and always will be dependent on orders. It will be necessary for all airframe builders to conduct promotional and educational campaigns to counteract a distorted wartime impression on

(Continued on page 2277)

In This Issue

Special material and items of interest with reference to dealer activities in the States of Connecticut, Michigan and Missouri appear in this issue.

For Connecticut see page 2268; Michigan, page 2267; Missouri on page 2266.

Managing Managed-Money

J. H. Wood, Sees Vast Reshuffling of Deposits When Peace Comes and Prices of Government Bonds Holding Up

In an address delivered before the meeting of the Virginia Bankers Association at the Jefferson Hotel in Richmond, last week, Jabez H. Wood, partner of the New York investment counsel firm of Van Cleef, Jordan and Wood, declared that the vast increases in bank deposit currency resulting from the deficits of the past ten years "will continue to rise during the war and may rise after the war even after the Federal budget has been brought into balance."

Speaking on "Managing Managed-Money," Mr. Wood predicted that there will be a vast reshuffling of deposits in the banking system during the period of conversion from war to peace and that the large volume of deposits will make the public more self-financing than ever before. He also expressed the belief that there will be no significant increase in money rates in the immediate future and consequently little likelihood of a substantial decline in the prices of long-term Government bonds.

Jabez H. Wood

Mr. Wood further asserted that the "majority of banks can safely protect their earning power by using long-term, high-grade bonds," with the deposit structure of the individual bank determining the best investment program.

Mr. Wood's address follows in full:

The opportunity to join in your discussions here affords me a special kind of satisfaction. It was just fifty years ago that my Grandfather made his home in Richmond. In those years Americans had their problems, too. There was panic and great financial stress. But somehow the world did not come to an end in 1893. And here we are—the children and grandchildren of those years—some of us perhaps wondering whether our way of life can survive the problems of today.

However, we are faced with a different set of problems from those of fifty years ago. Times have changed and our problems have changed with them. Perhaps I can illustrate something of the changes which have occurred in banking problems by the old story about the Negro bank down South. A client of this bank was visiting relatives in Virginia and, while here, drew a check on the Southern bank in the amount of $8.40. The check was returned marked "insufficient funds." Highly indignant, the issuer protested to the local bank that she had deposited enough money to cover the check before leaving on her trip.

So, the Virginia bank sent the check back again for collection and duly noted the client's claim. An answer was received promptly from the Southern bank, signed by the President. It read: "Gentlemen: Our client, Mrs. Jackson, is telling the truth about depositing the money in our bank. However, when we mark a check 'in-

(Continued on page 2272)

Can The United States Support A 300 Billion Dollar Debt?

Can, and will, the gigantic post-war Federal debt be redeemed in money of present or pre-war purchasing power, or will it be repudiated directly or indirectly, in whole or in part? Dr. Olin Glenn Saxon, Professor of Economics, Yale University, undertook to supply an answer to this question of primary concern to the entire nation and, at the same time, discussed the vital stake of the millions of investors in war bonds in the methods employed in working out a sound solution of the problem, in an extremely timely article, bearing the above caption, which appeared in the "Chronicle" of May 13.

In line with its suggestion, the "Chronicle" received various comments regarding the views and conclusions set forth by Dr. Saxon in his article. Some of these letters were given in previous issues and others are given herewith:

E. G. ROHRBOUGH

Member House of Representatives (West Va.)

E. G. Rohrbough

I am particularly pleased to know that some people at least are aware of the exceedingly dangerous financial position into which we have gone. I think we appreciate fully the importance of giving every financial support possible to the prosecution of the war, but we are seeing many expensive ventures that have little or no connection with military needs being fostered by men in high places in the Government. Tremendous sums have been demanded in the name of war emergencies which have little connection with military activities. The closing sentence of the article, had it been heeded by its author, would have done much to avoid a most dangerous financial crisis.

WALTER KUTZLEB

New York, N. Y.

There can be but little disagreement with Dr. Saxon on his splendid presentation, and the statistics he furnishes.

Many of our present troubles were wished on us by Lord John Maynard Keynes, and it will be difficult to rid ourselves of them. The world may forgive Lord Keynes when he has courage enough to admit his errors, for he must know that only productivity will help mankind, and "pump-

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Electronics And Research*

By R. R. BEAL
Radio Corporation of America

Reveals Marvels Wrought by Science of Electronics. Made Possible New Microscope That Magnifies Blood Corpuscle to Size of Two Foot Pillow.

No doubt you have learned that until the experiments of J. J. Thomson revealed the existence of the electron, in 1896, scientists believed that the atom was the smallest division of matter. The discovery of the electron disproved this theory. It showed that atoms are divisible, and further research led to the determination that atoms are composed of an internal nucleus and a system of electrons. The electron of the atom, a single electron, is an infinitesimal particle carrying a negative charge of electricity. It is much smaller than the atom, and it is 1,840 times lighter than the hydrogen atom, the lightest of all atoms.

R. R. Beal

In the atom the electrons travel in orbits about the central nucleus, the proton, in much the same way as the planets move around the sun. Electrons pervade all matter. Fortunately, they can be liberated from the atoms of matter to which they are ordinarily bound. They may be distilled into a vacuum by heating the filament in a radio tube; or they may escape under the influence of light as in the photo-electric tube; or they may be freed from some substances by methods of bombardment. Electronics deals with liberating electrons. In all research, electronics broadly means the art or science which relates to the flowing of electrons through a vacuum, a gas, or vapor.

An electron tube is a device which employs liberated electrons to perform functions. Radio tubes are electron tubes.

When research disclosed that electrons could be freed from the atoms and brought under control to perform unprecedented tasks, a major contribution was made to progress.

In the parlance of Wall Street, one may think of the electron as a bullisn factor for promising new

(Continued on page 2274)

Editor's Note—**In view of the increased interest in and the attention given to electronics, the New York Institute of Finance is conducting a series of lectures by men outstanding in the field. The article by Mr. Beal is the fourth in the series.**

Helicopter Air Bus Service Planned By Greyhound Corporation

Air Bus Service, a nation-wide helicopter passenger transportation system, became a postwar possibility when an application for this type of airline was filed on June 15 with the Civil Aeronautics Board by the Greyhound Corporation, operators of highway buses.

The application states that the Greyhound Lines propose to operate helicopters or similar aircraft of large carrying capacity to provide passenger, mail and express service over their present bus routes which cover some 60,000 miles of highway. Plans will be developed to coordinate this new air service with bus lines and, in addition, to act as a "feeder" to companies engaged in the present type of airline service.

The most novel feature of the project and one for which helicopters are ideally fitted is the plan to adapt present bus terminals, bus garages and other facilities close to central sections of cities and towns as landing ports and maintenance hangars. The adaptability to commercial uses will necessarily be a matter of development by the operators in collaboration with the aircraft manufacturers, a parallel procedure to the manner in which the modern highway bus reached its present stage of perfection.

In setting forth qualifications to develop the Air Bus Service, the Greyhound Lines pointed out in

(Continued on page 2277)

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Y. E. Booker To Be Alex. Brown Partner

Washington Business of Two Firms to be Combined

WASHINGTON, D. C. — Announcement has been made that subject to final approval by the New York Stock Exchange, Y. E. Booker, head of the investment banking firm of Y. E. Booker & Co., will become a general partner of Alex. Brown & Sons on July 1st. The business of his firm will be combined with that of the Washington office of Alex. Brown & Sons and conducted under the direction of Mr. Booker as Resident Partner of Alex. Brown & Sons in the ofices now occupied by the Booker firm in the American Security Building. The entire personnel of the two organizations

Yelverton E. Booker

(Continued on page 2266)

Bioren & Co. Absorbs Business Of Keen Co.

PHILADELPHIA, PA. — Announcement has been made of the dissolution of the New York Stock Exchange firm of Keen & Co., and the acquisition of their business and organization by Bioren & Co., 123 South Broad Street, members of the New York and Philadelphia Stock Exchanges.

The following sales representatives, all formerly associated with Keen & Co., have become associated with the Bioren & Co. organization: Lieut. Gordon L. Keen, U. S. N. R. (leave of absence), Howard W. Arrison, Jr., Jesse K. Johnson, J. Sellers Kite, William Macdonald, James C. Martin, Samuel McCreery, Albert M. Odgers,, Frederick C. Reigner, Frank L. Smith, Robert G. Taylor, John L. C. Ulrich and Sterling J. Whitcomb.

C. C. Clayton Co. Opens

(Special to The Financial Chronicle)

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Harry Sheely Heads Balt. Traders Ass'n

BALTIMORE, MD.—The Baltimore Security Traders Association has announced that Harry M. Sheely, of the firm of Harry M. Sheely & Co., was recently elected President of the Association to fill the unexpired term of G. Hudson Quarles, of Stein Bros. & Boyce, who resigned to accept a position in a different field of endeavor. At the same time, Preston A. Taylor, of Mead, Irvine & Co., was elected Vice-President for the unexpired term to fill the office formerly held by Mr. Sheely.

Continental Air Lines Post-War Outlook Bright

Continental Air Lines offer interesting possibilities, according to a circular just issued by Ward & Co., 120 Broadway, New York City, which states that although war-stimulated traffic has been a major factor in building "Continental's" business and profits, the growing industrial importance of the areas served tends to assure it increasing future business. Copies of this circular, describing the situation in detail, may be had upon request from Ward & Co.

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Reports On Repurchase Plan of Quarterly Income Shares, Inc.

B. E. Lawson, President of Quarterly Income Shares, Inc., announced yesterday that after one month of operation under the new repurchase plan recently instituted, Quarterly Income Shares, Inc. has repurchased less than ½ of 1% of its outstanding stock. He said, "Since the plan has been in effect the over-the-counter market price for the shares has approximated 80% of net asset value. This appears to confirm the management's contention that the institution of such a plan would improve the secondary market for the shares, which in the past have sold at a price as low as 58% of net asset value."

"On May 10, 1943, when the plan became effective, the Fund had 2,350,409 shares outstanding held by 28,313 stockholders, or an average holding of 83 shares, and net assets amounted to more than $18,000,000. Under the plan the Fund will repurchase any of its outstanding stock tendered at 80% of net asset value, without limit as to time or the number of shares which will be purchased. This insures stockholders a dependable minimum figure at which they can dispose of their stock. Of course, stockholders are free to sell in the open market, if such market provides a higher price than the price at which the Fund will purchase.

"This plan is a distinct advantage to stockholders who must dispose of their holdings because, as stated above, the stock has sold in the past as low as 58% of net asset value. The plan is also beneficial to stockholders remaining in the Fund, because discounts taken by stockholders selling to the Fund are earned by the Fund, thereby enhancing the asset value of the remaining outstanding shares."

Kirby Vidrine In Los Ang.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Kirby L. Vidrine is now engaging in the securities business under the firm name of Kirby L. Vidrine Company from offices in the Board of Trade Building. Mr. Vidrine for many years has been doing business in Phoenix, Ariz.

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National Security Traders Ass'n Announces Annual Meeting Of Council And Committeemen

Will Be Held In Chicago August 20 and 21

Wm. Perry Brown, Newman, Brown & Co., of the National Security Traders Association, announces that the annual meeting of the Association is to be held at the Palmer House, Chicago, Illinois, on Friday and Saturday, August 20th and 21st. This will be the annual meeting of the Executive Council and also that of all National Committee men.

Wm. Perry Brown

Edward H. Welch

Ralph G. Randall

(Continued on page 2280)

Post-War Prospects Of The Oil Industry

By HENRY M. DAWES
President, the Pure Oil Company

In my opinion, it is not safe nor desirable to be dogmatic about the post-war prospects of the oil industry, or in fact any industry, until government attitudes have been determined. If it is assumed, however, that at least some of the traditional freedom of action is to be left and all of the rewards of incentive are not destroyed, one may look upon the conduct of the oil industry after the war with reasonable confidence.

The factors to which the greatest importance should be attached are in the main clear. Due to war necessities, refineries have been enlarged and new techniques developed which will have the effect of increasing greatly the number of products that they will produce, and decreasing costs. Much of this is the result of scientific progress, especially along chemical lines. The industry wil be able to turn out higher octane gasoline, which will serve not only to promote the development of aviation, but will also effect economy in the operation of automobiles. During this war period there has been a constantly increasing utilization of diesel engines, with the consequent greater demand for fuel and lubricants. The extent to which rubber and plastics will be produced by the oil industry opens up a field which had only been touched upon a few years ago. Added transportation facilities made as a result of wartime necessity will increase the availability of products and decrease their costs in the years to come.

Henry M. Dawes

The oil industry has not, however, been able to increase its reserves of crude oil to replace the drains which have been made upon it by the wartime demand. It seems to be the opinion of the industry that this is due almost en-

(Continued on page 2277)

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Jamestown, Franklin & Clearfield Looks Good

Jamestown, Franklin & Clearfield 4s of 1959 offer attractive possibilities according to the current railroad letter being distributed by Leroy A. Strasburger & Co., 1 Wall Street, New York City. Copies of the Letter, describing the issue and also containing monthly and yearly net operating income figures of leading railroads, will be sent to dealers upon request by Leroy A. Strasburger & Co.

OUR REPORTER'S REPORT

Gulf, Mobile & Ohio Railroad plans to call for sealed bids for a total of some $15,400,000 of new bonds early next month, with proposals to be opened around July 20.

The road has arranged a program for refinancing an issue of $8,780,000 of its notes held by the Reconstruction Finance Corporation, and plans at the same time to refund $9,719,000 of bonds due to mature in 1950.

Indications now are that the calls on the $3,975,000 of first mortgage 5½s and $5,744,000 of series "C" 5s will be announced around the end of July for payment some two months later.

Projected new bonds will include two series, one $6,700,000 of series "A" which would be repayable serially in from one to ten years,, and $8,700,000 of series "B" with the maturity on that issue set for August 1958.

In connection with the latter issue a sinking fund would provide for the retirement of $100,000 of the issue annually for the first ten years, rising to $250,000 annually in the ensuing four years.

Directors have authorized $23,100,000 of new series "C" 5% bonds to be used for the purpose of collateralizing the new issue.

Although the company has commitments for the new bonds, it is the road's intention, to call for bids, presumably to obviate any possible objections to negotiated sale, and of course, get the benefit of resultant competition.

Panhandle Eastern 2¾s

Market circles expect, that providing there is no holdup in obtaining release from the Securities and Exchange Commission, the $10,000,000 of ten-year 2¾% debentures of Panhandle Eastern

(Continued on page 2267)

THE BANKERS BOND CO.
INCORPORATED
18th FLOOR, KENTUCKY HOME LIFE BLDG.
LOUISVILLE, KENTUCKY

INVESTMENT DEPARTMENT
THOMAS GRAHAM, Manager

INVESTMENT DEPARTMENT
WOOD HANNAH, Asst. Manager

STANY Ambulance Fund Contributions Mount

Contributions to the Security Traders Association of New York drive to raise funds for ambulances for the United States Armed Forces are pouring in, the Committee in charge reports, and it is believed that the results between now and the end of the month will be amazing. Checks for contributions should be made payable to the Security Traders of New York Ambulance Fund and may be sent to any member of the committee, of which Walter Saunders of Dominion Securities Corporation is chairman.

Contributors to Date

Samuel Goldschmidt
Frazier, Free and Company
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Goodbody and Company
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Paine, Webber, Jackson & Curtis
John Witkowski & Co.
Lilley & Co.
Employees—Hardy & Co.
Stryker & Brown

New England Public Service Situation Of Interest

The $7 and $6 cumulative prior lien preferred and cumulative plain preferred of New England Public Service Co., offer an attractive situation according to an interesting memorandum on the company contained in the current issue of "The Preferred Stock Guide," issued by G. A. Saxton & Co., Inc., 70 Pine St., New York City. Copies of the "Guide" containing the discussion of New England Public Service and giving comparative quotations on public utility issues may be had upon request from G. A. Saxton & Co.

Ins. Stocks Look Good

The upward trend of casualty and fire stocks continued during the month of May, according to the Index prepared by Mackubin, Legg & Company, 22 Light St., Baltimore, Md., members of the New York and Baltimore Stock Exchanges. Copies of the Index and interesting memoranda on American Surety Co., Insurance Company of North America, Maryland Casualty Company, National Union Fire Insurance Company, and Providence Washington Insurance Company may be had upon request from Mackubin, Legg & Company.

Branch Office Problems?

Draft proof individual with constructive imagination and successful experience with Wall Street problems, particularly those peculiar to out-of-town business,—absent for several years in war work—is available for the rejuvenation of branch office and wire correspondent situations that have gone sour because of lack of supervision or other causes. National broker and dealer acquaintance. Box D 16 Commercial & Financial Chronicle, 25 Spruce St., New York.

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Tomorrow's Markets Walter Whyte Says—

Monday's reaction breaks bullish pattern. Rally indicated but don't look for much strength or for it to last long.

By WALTER WHYTE

The first signs of a crack in the bullish dam that I was afraid of, and which led me to veer around so rapidly in last week's column, appeared in the past few days. True, the break, or rather the dribble, was not serious. But it was ominous enough to warn of the possibilities that might lie ahead.

* * *

To say that this reaction removes the clouds or improves what is called a "technical" situation is of course sheer nonsense. First of all Monday's reaction did not assume any so-called corrective proportions and secondly the tax date fell too patly into place to worry many people who are already overextended in their market commitments. And while on the latter you might be interested to learn that this overextension is not just a figment of the imagination. Brokers admit that debits have increased

(Continued on page 2267)

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New York Curb Exchange
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HAnover 2-6540 30 BROAD ST., NEW YORK Tele. NY 1-2972

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**M. Leo Coyne** has joined the Massachusetts sales organization of **R. M. Horner Co.,** 30 Broad Street.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Edmond M. Webb** is now with **Charles A. Day & Co., Inc.,** Sears Building.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Harry B. Hamilton** is now connected with **Sills, Troxell & Minton, Inc.,** 209 South La Salle Street. Mr. Hamilton was previously with A. C. Allyn & Co. and prior thereto was with Bond & Goodwin.

(Special to The Financial Chronicle)

DENVER, COLO.—**Dedrich N. Cooper** has been added to the staff of **Amos C. Sudler & Co.,** First National Bank Building.

(Special to The Financial Chronicle)

LONG BEACH, CALIF.—**Daniel S. Secord** has become affiliated with **Hill, Richards & Co.,** Farmers & Merchants Bank Building.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Clinton H. Perkins** has joined the staff of **Crowell, Weedon & Co.,** 650 South Spring Street.

PHILADELPHIA, PA.—**John P. Murphy,** formerly of Keen & Co., is now associated with **Penington, Colket & Co.,** 123 South Broad St.

(Special to The Financial Chronicle)

QUINCY, ILL. — **Lawrence L. Dee** is with **Slayton & Co.,** Illinois National Bank Building.

(Special to The Financial Chronicle)

SAN DIEGO, CALIF.—**Thomas H. Golden** has been added to the staff of **Bankamerica Company,** 625 Broadway.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **William L. P. Jackson,** previously with Shaw, Hooker & Co., is now with **The Anglo California National Bank,** 1 Sansome Street.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.— **James Ebert** and **Jules D. Herman** have become associated with **H. R. Baker & Co.,** Russ Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **William J. Gallick,** formerly with Walston, Hoffman & Goodwin and Merrill Lynch, E. A. Pierce & Co., is now with **Mitchum, Tully & Co.,** 405 Montgomery Street.

N. Y. Finance Institute 8-Wk. Summer Course

The New York Institute of Finance, 20 Broad Street, New York City, announces a series of summer courses beginning June 21.

Courses will include:

Basic Stockbrokerage Procedure, under John H. Schwieger, Department of Member Firms, New York Stock Exchange.

Introduction to Financial Statement Analysis, under Walter S. Morris of Wellington & Co.

Work of the Cashier's Department, under George E. Rieber of the National Association of Securities Dealers.

Work of the P. & S. Department, under F. Warren Green, head of P. & S. Department, Hallgarten & Co.

Work of the Margin Department (including an analysis of Regulation T), under Paul C. Fitzgerald, Hirsh, Lilienthal & Co.

Schroeder Now V.-P. Of Lee Higginson

Frederick H. Schroeder, manager of the statistical department of Lee Higginson Corp., 40 Wall Street, New York City, has been elected a Vice-President of the firm.

Bank Stock Attractive

Stock of the Irving Trust Company offers an interesting possibility for investors, according to a circular being distributed by Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be had from the firm upon request.

"ST. PAULS" vs "MOPS"

Circular upon request

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Railroad Securities

In recent periods of fairly general, although not spectacular, easiness in all sections of the rail list, apparently occasioned by the development of somewhat of a peace psychology, the securities of the Gulf, Mobile & Ohio have given a good account of themselves. There have been various reports that the company has been discussing with bankers the feasibility of a major refunding operation and some such step would appear as a logical move at this time. The system has outstanding $9,719,000 of the first mortgage 5s and 5½s of the old Gulf, Mobile & Northern due in 1950 and an $8,780,000 loan from the RFC maturing in the same year. A refunding operation would eliminate the problem of near term maturities as well as reducing system fixed charges. The reduction in charges would presumably be augmented by a reduction in the total face value of debt outstanding as the company is certainly in position to meet a portion of the bonds from cash if a refunding is undertaken.

The balance sheet of March 31 showed cash items of $10,865,000, up $3,748,000 from a year earlier, and $1,583,000 miscellaneous accounts receivable. Utilization of $3,000,000 to $4,000,000 of this for debt retirement would still leave the company with more than adequate funds for working purposes. Retirement of the Gulf, Mobile & Northern 1st 5s and 5½s would, in turn, improve the investment position of the Gulf, Mobile & Ohio 1st 4s, 1975, which would then have a blanket first mortgage on the entire owned lines.

Any refunding operation undertaken should result in reduction in present fixed charges of $1,417,000 by at least 20% to around $1,100,000. Even as they are, the fixed charges are considered conservative, the interest applicable to the old Mobile & Ohio properties having been reduced sharply in the reorganization which accompanied consolidation with Gulf, Mobile & Northern. It is notable that when the consolidation was under discussion it was officially estimated that increased earnings arising from the consolidation alone would amount to $1,555,000 based on pre-war traffic. In part this was to come from the longer system haul of traffic and in part from operating economies.

Even aside from the refunding possibilities the junior securities—Income 5s, 5% preferred, and common—are considered as having attractive speculative potentialities. A refunding would improve their position materially. The Income bonds are outstanding at only $6,025,800 with annual interest charges of $301,290. The possible interest saving through refunding would be equivalent to the entire Income bond requirement. Moreover, this Income bond issue is unique among the recent and prospective crop emerging from reorganizations in that the interest is not preceded by any additions and betterment fund—it comes directly after fixed charges. The contingent interest is covered in full when fixed charges are earned no more than 1.30 times. Payment of the interest is mandatory to the extent earned and is cumulative up to 15% whether or not earned.

There are only 284,425 shares of the preferred stock outstanding and 590,421 shares of the common. In the past two years dividends of $2.50 a share have been paid on the preferred and nothing on the common. As the preferred dividend is now cumulative it is generally expected that the full $5 will be paid this year but any distribution on the common seems unlikely. This is particularly true if the company is going to use any substantial proportion of its cash for debt retirement. Earnings on the preferred and common last year amounted to $13.99 and $4.32 a share, respectively, and in the first four months of 1943 there was a year-to-year rise of 50% in net operating income. Despite this further improvement, however, it is estimated that earnings for the full year may well dip below the 1942 level because of the potential excess profits tax liability which was not a factor in 1942.

Aside from the justification for higher prices implicit in the current earnings power, the stocks are considered attractive by many rail men on the better-than-average outlook for the properties after the war. Secular industrial growth of the territory, which was apparent in traffic reports prior to the war, is one of the big factors in this opinion. Secondly, the full economies of operation contemplated from consolidation have not as yet been fully realized, having been interrupted by the incidence of the war boom. This will provide the company with an important expense cushion in the post-war era. Finally, what loss there is of war traffic should be offset to a considerable degree by the resumption of normal foreign trade through Gulf ports. Such trade will be augmented by the continuation of our "Good Neighbor" policy.

Jamestown,
Franklin & Clearfield
4s, 1959

Our current Railroad Letter describing the above issue, also containing monthly and yearly net operating income figures of leading railroads, will be sent to dealers upon request.

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1016 Baltimore Ave. Kansas City, Mo.

MARKETS

Old Ben Coal 1st 6/1948 w. s.
Old Ben Coal Income Debenture 7½/1953 w. s.
Consolidated Dearborn 3/1950
St. Louis Public Service Income 4/1964
Portland Electric Power 6/1950
St. Louis Public Service "A" common
Kansas City Public Service common
Kansas City Public Service preferred
Consolidated Dearborn
Steel Products Engineering
Chicago, Wilmington & Franklin Coal common

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Cleveland Traders Hold Annual Outing

(Special to The Financial Chronicle)

CLEVELAND, OHIO — Conforming to their war program, the Cleveland Security Traders Association held a very simple, but very enjoyable spring outing on June 12 at Rod Gillis' farm in Macedonia. Nothing was done on an elaborate scale but food and drink were not lacking and all contests were a la trader—unrehearsed.

Baseball, horseshoes, badminton were featured with some clever verbal tennis. Rod Gillis and Jim Russell, ably assisted by Harry Gawne and Everett King took care of arrangements and fixed things with the weather man so that the fifty participants had a wonderful time.

Missouri Brevities

The municipal market in Missouri continues to be very quiet with a paucity of offerings but a good demand. **Revenue bonds** are becoming increasingly popular here as evidenced by the excellent interest in the **Lower Colorado River Authority** offering. Flood conditions in the Mississippi Valley failed to effect the markets for bridge revenue bonds although some of these structures were forced to cease operations for a period of about two weeks.

Highlighting events of the past few weeks in banking and investment circles here the **Wartime Business Conference** of the **Missouri Bankers Association** was held in St. Louis, June 10 and 11. Problems relating to the war effort, such as government financing, ration banking, and smaller war plants were discussed. Dinner in the Gold Room of the Jefferson Hotel was followed by a University of Chicago Round Table discussion of the subject, "Who Lends the Money?"

Promotion of **Joseph A. Glynn, Jr.**, to **Assistant Trust Officer of Mercantile-Commerce Bank and Trust Company, St. Louis** is of particular interest to his many friends in the investment banking field. Until his connection with the "Mercantile" several months ago, Mr. Glynn was assistant manager of the municipal bond department of the former firm of Francis, Bro. & Co.

Another young St. Louis banker last week received national recognition for his services to the field of banking when the **American Institute of Banking elected David L. Colby as its President. Mr. Colby** is Assistant Vice-President of the **Boatmen's National Bank of St. Louis** and has been active in AIB work.

St. Louis bank stocks have receded slowly from the new 1943 highs reached about two weeks ago. Stocks of the downtown banks are viewed with favor by dealers active in these issues who point to the attractive yields obtainable based on recent dividend declarations. Boatmen's National 34½-35½; First National 39½-40; Mercantile - Commerce 128-129½; Mississippi Valley 34½-35½; St. Louis Union 44-45.

The Security Traders Club of St. Louis will hold its Annual Field Day and Fish Fry June 18 at the Creve Coner Farmers Club. It is generally conceded that most of the boys will feel more at home there this year due to close association with the soil, weeds, and did you say, "vegetables?" in their Victory Gardens. The entertainment committee, consisting of Hermie Zinser, Dempsey-Tegeler, and Co.; Clarence Maender, G. H. Walker & Co.; and Mel Taylor, Paul Brown & Co., tell us they have provided a very full program.

Outstanding performer among local industrial stocks for some time has been **National Candy** selling around 25-26 compared with a 1943 range of 27½-14⅛ and a low of 5¾ as late as 1941. Earnings in 1942 were $6.45 per share of common stock versus $4.74 in 1941 and $0.35 in 1940. Estimated results for the first quarter of 1943 amounted to $1.40 per share. These favorable operations were almost entirely a reflection of the activities of the company's corn products subsidiary, the Clinton Company of Clinton, Iowa. Strength in National Candy, common recently has been accompanied by reports that a large food products company was interested in acquiring the corn products division. Regular and extra dividends paid total $1.25 per share so far this year.

Speculative interest in local **real estate** securities continues unabated although prices have advanced sharply on several of the more actively traded issues. Local dealers report an increased out-of-town interest in some situations. **Coronado Hotel** units are 25 bid compared with about 17 a month ago and 12 in January of this year. **Lennox Hotel** 1st Income 5s are 43 bid against bids of around 30 in February. **Jefferson Hotel** Income 6s have held in a narrow range with per cent market 65-67. With the exception of **Coronado Hotel** units which trade in fair volume, offerings of local real estate securities are scarce.

Increased interest in **brewing stocks**, resulting from the good operating figures shown in 1942 and apparent ability of the industry to meet capping, transportation and ingredient problems, has been reflected in higher prices for the leading stocks in the St. Louis market. **Anheuser-Busch** (actual) is quoted 69 Bid; **Anheuser-Busch**, (T.E.I.) 66 Bid; **Columbia Brewing** 9¾ Bid; **Falstaff** 10½-11; **Griesedieck-Western** 23-24; **Hyde Park** 30 Bid.

McGuire With Taussig Day

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Taussig, Day & Co., Inc., 506 Olive St., members of the St. Louis Stock Exchange, have added Leslie T. McGuire to their staff.

Missouri Dealers Recommend

Baum, Bernheimer Company, 1016 Baltimore Avenue, Kansas City, will furnish quotations on **Long-Bell Lumber Co., Gleaner Harvester Corporation, Western Light & Telephone Co., and Kansas City Stock Yards Co.**, which they will be glad to furnish upon request.

Peltason, Tenenbaum, Inc., Landreth Building, St. Louis have an interesting study on Associated Electric 4½s and 5s bringing data on this situation up-to-date (including outstanding facts revealed by the company's recently published annual report.) Copies will be furnished to dealers upon request.

E. W. Price & Co., Inc., 1004 Baltimore Avenue, Kansas City, will furnish late data on **Central Coal & Coke Corp., W. S. Dickey Clay Manufacturing Co., Employers Reinsurance Corp., Gleaner Harvester Corp., and Oregon-American Lumber Corp.** in which they have a continuing interest.

Scherck, Richter Company, Landreth Building, St. Louis, will furnish recent information and quotations on **Old Ben Coal** 1st 6/1948 w. s. and 7½/1953 w. s.; **Consolidated Dearborn** stock and 3s of 1950; **St. Louis Public Service** Income 4s of 1964 and "A" common; **Portland Electric Power** 7s of 1950; **Kansas City Public Service** common and preferred; **Steel Products Engineering**, and **Chicago, Wilmington & Franklin Coal** common.

Stern Brothers & Co., 1009 Baltimore Avenue, Kansas City, will send quotations on **Municipal** and **Local Corporate Securities** upon request.

Stifel, Nicolaus & Co., Inc., 314 North Broadway, St. Louis, members of the St. Louis Stock Exchange, will supply data on all **Listed and Unlisted** securities.

G. H. Walker & Co., 503 Locust Street, St. Louis, members of the New York and St. Louis Stock Exchanges and other principal exchanges, will furnish quotations and information on all **St. Louis Securities.**

Friedman, Brokaw Co. To Admit New Partners

ST. LOUIS, MO. — Friedman, Brokaw & Samish, 711 St. Charles Street, members of the New York and St. Louis Stock Exchanges and other leading national exchanges, as of July 1st, will admit to general partnership in their firm Samuel E. Fleischmann, William H. Hartnett, Edward H. Morfeld, and Morris M. Moss; Agnes F. Baer will become a limted partner in the firm. Mr. Moss and Mr. Morfeld have been associated with the firm as managers of the trading and sales departments, respectively.

Slayton Adds Callahan

(Special to The Financial Chronicle)

ST. LOUIS, M0.—Joseph E. Callahan has become associated with Slayton & Co., Inc., 111 No. Fourth St. Mr. Callahan was previously in the advertising business.

Gleaner Declares Dividend

Gleaner Harvester Corporation has declared a dividend of 25c per share payable June 30 to stockholders of record June 25. The company reports business well ahead of last year.

Safety Car Attractive

The current situation in Safety Car Heating & Lighting Co. offers attractive possibilities, according to a circular just issued by Fitzgerald & Co., 40 Wall Street, New York City. Copies of this interesting memorandum may be had from the firm upon request.

Y. E. Booker To Be Alex. Brown Partner

(Continued from page 2262)

will be associated with Mr. Booker.

Harry W. Finney, a general partner in Y. E. Booker & Co., will continue as ofice manager of the Washington office and Myles H. Quail, also a partner of Y. E. Booker & Co., will head the Trading Department and act as representative on the Washington Stock Exchange.

Frank L. Smith, manager of the Washington office of Alex. Brown & Sons, will be in charge of institutional sales.

Thus will be combined the businesses in Washington of two firms; the one which since its foundation by Mr. Booker seventeen years ago has attained a leading position in the capital's financial community, and the other, one of the oldest banking houses in the country.

Alex. Brown & Sons was established in Baltimore in 1800. Two of the present partners are of the sixth generation of the family of Alex. Brown, its founder. Active as an underwriter and distributor of investment securities, the firm is a member of the New York Stock Exchange, Associate Member of the New York Curb Exchange and a member of the Baltimore Stock Exchange. Its main office is in Baltimore, branches being maintained in New York and Washington.

We have a continuing interest in

Central Coal & Coke Corp.
W. S. Dickey Clay Mfg. Co.
Employers Reinsur. Corp.
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Tomorrow's Markets Walter Whyte Says——

(Continued from page 2264)

recently and, at this writing are still increasing.

* * *

In any case after Monday's sell-off which carried the Dow industrials down to 138.86, the next day's market rallied up to 139.58. The sigh of relief could be heard all over the customers rooms. Now the long awaited reaction was over; now they would go up. Unfortunately markets are seldom so obliging. If you take a look at the action from the fifth of June to the twelfth of June you will see a gradual lowering of the highs as against a firmness of the lows. According to chartists such a formation spells the beginning of a new up move. So far so good. But last Monday the lows made for a week, lows which were holding, were suddenly broken. That day, Monday they closed at 139.09. Tuesday (tax date) they rallied and closed at 139.39. But during the day stocks sold under the previous day's lows and at their best figures were under the previous day's highs. Such action does not augur good market action. It does however point to further extension of rally before a resumption of decline.

* * *

As this is being written the market is rallying, which is nice to see, but as I have pointed out above, it means little. From what I can see I believe the rally will carry the Dow industrials to about 141 or even 142. I don't think they will do more. Of course there is the possibility of a sudden news break which can upset the entire business. But that is an eventuality I can't guard against. All I have to go on is market action. And market action says slightly more rally then down again.

* * *

All this brings us down to the list of stocks I recommended two weeks ago. You will recall that there were eight of which four were available in the price range given. These are Bethlehem Steel at 64½, National Distillers at 31, Newport Industries at 16 and Raybestos-Manhattan at 29.

* * *

Bethlehem Steel was to be held for 67 with a stop at 63. It broke the stop when it sold down Monday to 62⅛.

* * *

National Distillers was to be held for 33. It rallied to 32⅞ and then reacted to 31¾. The stop was 28½. At this writing it's still above that figure but now I suggest lifting it to 30½.

* * *

Newport Industries was to be held for 17½. It rallied to 16⅞ and reacted to 14¾. Your stop still remains at 14.

* * *

Raybestos-Manhattan was to be held for 30½. It rallied to just under 30 and is now at about where you bought it. The stop at 27 should now be lifted to 28 and a "get-out" should be just across 30.

* * *

I realize there were losses. But better small losses at this stage of the market cycle than larger losses later on. I suggest now that pending further market developments you go back to the sidelines.

* * *

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

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Treasury Opens Talks On Currency Plans

The first group gathering to consider world currency stabilization was held at the Treasury Department in Washington on June 15 when representatives of 19 of the United Nations met.

The delegates, who have already singly discussed with the Treasury the United States stabilization scheme known as the White plan, are understood to have compared it with the British plan devised by Lord Keynes, according to Washington advices to the New York "Times."

Present were delegates from Australia, Belgium, Brazil, Canada, China, Czechoslovakia, Ecuador, Egypt, France, Luxembourg, The Netherlands, Norway, Paraguay, The Philippines, Poland, Russia, The United Kingdom, Venezuela and the United States.

Details of the White plan were given in these columns April 8, pages 1300 and 1305, while the Keynes plan was referred to on page 1388, in our April 15 issue.

Clothing Stock Looks Good

An interesting descriptive circular on Fashion Park, Inc., which the firm believes offers attractive possibilities, has been prepared for distribution by Simons, Linburn & Co., 25 Broad Street, New York City, members of the New York Stock Exchange. Copies of this circular may be had from Simons, Linburn & Co. upon request.

Michigan Brevities

The entire world had its eyes on Detroit after the death of **Edsel Ford**, wondering whether it signaled the beginning of the end of the **Ford Motor Company** as a family-owned institution.

With control of the giant motor company still safely in the hands of the family by virtue of ownership of the voting stock and Edsel's huge holdings of non-voting shares passed along to the Ford Foundation, the eventual pattern of ownership becomes more clear.

Wall Street anticipated a bonanza through liquidation of Ford stock in order to raise money for estate taxes, but it is almost a certainty that Wall Street has been cheated of that forever.

Eventually, the Ford Foundation will hold about all of the non-voting stock in the company and the family will retain only that minor share of voting control. It is Henry Ford's own way of accomplishing what the Government attempts through excessive estate taxes—return of the Ford Fortune to the people.

It is even reported that the Foundation is so set up that eventually title to all it holds will revert to the people of Michigan.

* * *

Turning from the Ford Motor stock to the **Manufacturers National Bank** of Detroit, in which Edsel was the largest stockholder, brokers in the Detroit area anticipate the eventual sale of that in the not too far distant future.

Whether this will be done is questionable, but some brokers have actually attempted to get firm offers for the block of stock which reportedly aggregates nearly half of the outstanding 60,000 shares. They felt that if they could get a good, firm bid, Mrs. Ford could then be approached on the possibility of sale.

All this had little effect on the stock in the Manufacturers and a $2 a share dividend was paid a week ago. The National Bank of Detroit also paid the usual semi-annual dividend of 50 cents a share.

Bank stocks moved up slightly during the last 30 days and latest over-the-counter prices follow:

National Bank of Detroit	35¾- 36½
Manufacturers National	135 -145
Commonwealth Bank	120 -124
The Detroit Bank	66⅛- 68

* * *

Kelsey Hayes Wheel Corporation's five-year loan of $10,000,000 aroused considerable comment locally.

The loan was negotiated from the Equitable Life, of course, but there was considerable conjecture — particularly in banking circles—as to whether it offered advantages or disadvantages when compared with the usual bank V-loan.

* * *

Nash - Kelvinator Corporation confirmed the reports of the helicopter contract and now local gossip is that Norge division of Borg-Warner is going to announce some sort of helicopter work within the next few days.

Resignations of **Frank Pierce** and **W. R. Armstrong**, vice-presidents in charge of sales and manufacturing of Nash-Kelvinator, caused considerable conjecture as to whether a general shakeup was being undertaken. The trade seems to think that **President George Mason's** desire to resume active and complete control of the company was the cause.

Hiring of the ex-Ford vice-president, **A. M. Wibel**, the day before the others resigned, added fuel to the fire. Ford had announced that Wibel resigned because of ill health a few days previously, but his Kelvinator connection was announced "effective immediately."

Our Reporter's Report

(Continued from page 2264)

Pipe Line Company will reach market some time next week.

A new money offering, the public sale of this issue will reimburse the company for part of the expenditures involved in carrying through its construction program for the current year, estimated at about $11,500,000.

Judging by discussion arising in dealer circles, coincident with the filing of the necessary registration, this issue appears likely to find a ready market when it is offered. The term and coupon, they hold, make it quite attractive.

Los Angeles Issue Moving

The spread between the winning bid and that of the nearest competing group for the $22,775,000 of City of Los Angeles Department of Light & Power revenue bonds was a bit wider than has been the rule recently on municipal issues but close enough.

The successful bid was on a 1.967% interest cost basis, while the next highest was 2.027%, and the third bid on a basis indicating a 2.14% interest cost.

Holding out the earliest maturities from 1944 to 1949 the successful group reoffered the balance of the issue and reports indicated the response was good with well over a third of the total moving out Tuesday.

Quiet Spell Ahead

Once the forthcoming Panhandle Eastern Pipe Line deal is completed, underwriters are inclined to anticipate a quiet spell probably carrying over the July 4 holiday.

This week, of course, embracing as it did the date for payment of the second quarterly instalment on the Federal income tax, was more or less sidetracked so far as even secondaries were concerned.

As a matter of fact the seasoned markets, both investment and equity, indicated considerable taking of profits by people with sizeable tax liabilities to be provided for.

Yet bankers who handled the deal encountered little difficulty in disposing of a block of 35,000 shares of R. H. Macy & Co. Inc. common stock in the secondary market at a price of 27¾ net. The entire block moved out within about an hour after books were opened.

Seize Buying Opportunities

Insurance company buyers enjoyed another of those rare opportunities this week, of having certain selected bonds, chiefly among the medium-grade rails, ease down to prices in keeping with their ideas.

The setback which developed on Monday found the market enjoying considerable in the way of support buying from such cources on the basis of resting orders.

The dip at the same time presented the opportunity for carrying out switches which had been in contemplation.

New England Public Serv. Situation Attractive

The current situation in New England Public Service Co. has interesting possibilities, according to a circular prepared by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges. Copies of this circular may be obtained from Ira Haupt & Co. upon request.

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Connecticut Brevities

The past month has seen the **Connecticut bond market** at its peak for some time. There is a distinct shortage of state and municipal issues, the shortage being the most acute for many years. With potential demand exceeding the supply, prices have been forced to high levels, probably the highest in all time.

The state and its subdivisions seem to be working well within their budgets, and reports indicate that they are, in general, building up substantial surpluses which will serve them well in the post-war period.

There seem to be no new state or municipal issues under contemplation at the present writing.

* * *

Insurance stocks have given a good account of themselves during the past month. Fire stocks, particularly, have been strong and in demand for investment buying. Inquiry leads to the belief that many purchasers consider these issues an interesting hedge against inflation, and are buying on this basis.

During the past few weeks, the **life insurance stocks** have also exhibited considerable market strength, such issues as **Aetna Life, Connecticut General,** and **Travelers** having reached higher prices than they have attained since 1937.

Industrial stocks have been generally strong. **Colt's,** which within the past month declined to lower levels about the time the company announced its intention of placing operations on the basis of two shifts a day instead of three, has rallied from its recent lows.

The stock of **New Britain Machine Co.,** also has recovered from the shock sustained as a result of the minor selling wave among stocks of machine tool companies.

Local institutional and individual investment buyers have evidenced much interest in the new stock of **Philadelphia Electric,** and it is believed that sizable orders have been placed.

The **local utility stock market** is off a little, possibly due to a shift to more active issues.

* * *

Probably every manufacturing community in the country has at least one company which has made a total conversion of its processes from the manufacturing of peace-time products to an entirely different war product. Such changes have often taxed the ingenuity of factory workers and operators to the utmost, but the results reported to date have, in many cases, been amazing.

Symbolic of hundreds of Connecticut companies which have made a drastic change in its product is the **International Silver Company** of Meriden. Today, at this plant, known throughout the country for its silverware, over 100 different war products are being made. Instead of fine plated and solid silver ware, the company now makes shells, rifle parts, incendiary bombs, surgical instruments, magazines, cartridges, clips, mess kits, bomber parts, to mention a few.

Few firms have had to make as radical change as did International Silver. In putting ten different factories to work on a wide variety of new products, complete conversion was necessary in both man power and equipment.

In one factory, for instance, starting from scratch without knowledge, experience, or equipment on the new product, the plant is now producing 20 millimeter shell cases in large volume. As a matter of fact, the first contract was completed four months ahead of schedule. The personnel of this plant had been trained only in the blanking, stamping and finishing of knives, forks, and spoons—processes which have no relation to the drawing, tapering, trimming, and other operations of shell manufacture. These workers mastered their new occupations in a remarkably short time.

One of the company's plants, originally making nickel silver, now produces shell brass, and its output has increased four times over.

International converted quickly on many essential war products that were ready to go, as well as on others that had to be developed from the start.

To the human element, a fine spirit of cooperation between manager, foremen, and workmen, must go a great part of the credit for the successful experience of the company in this latest venture.

* * *

Combined sales of electric power by Connecticut's four major utility companies during the month of April amounted to 190,867,000 kilowatt hours, an increase of 10% over that produced in April 1942. Connecticut Light and Power showed a 10.35% increase, United Illuminating Co. 9.9%, Hartford Electric Light 11.9%, and Connecticut Power 5.2%. These four companies furnish 90% of the electricity in the state.

It has recently been announced that the **Security Insurance Company** of New Haven plans to increase its capital from $2,000,000 to $2,500,000 by issuing 50,000 new shares of $10 par value stock. In filing the certificate of registration with the Securities and Exchange Commission, the new issue price was not disclosed. Rights to subscribe will be issued in the ratio of one new share for each four held.

* * *

The Sikorsky Aircraft Division of United Aircraft will soon operate the first airport in the United States designated for the exclusive use of helicopters at Bridgeport.

The Sikorsky Division is the first company to develop the helicopter of today successfully. It is now engaged in building machines for the U. S. Army.

* * *

Belding Hemingway Company reports net profit of $151,140 for the first three months of 1943, compared with $154,234 for the corresponding period of last year.

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Finland Pays U. S. On World War Debt

The Government of Finland resumed payment on her war debt to the United States on June 15, turning over to the Treasury $168,945, according to an Associated Press Washington dispatch, which further said:

"Finland never missed a payment on its war debt to the United States until it became involved in war with Russia.

"After Finland became involved in hostilities with Russia Congress granted the Baltic republic a moratorium. When the United States entered the war, however, and Finland continued at war with Russia, the moratorium was not extended. It expired last December."

Plans for this payment were noted in our issue of May 20, page 1876.

Situations Look Good

J. F. Reilly & Co., 111 Broadway, New York City, have prepared interesting circulars on Botany Worsted Mills, Punta Alegre Sugar, and York Ice, which the firm believes offer attractive possibilities at current levels. Copies of these circulars may be had from J. F. Reilly & Co. upon request.

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Can The U. S. Support A 300 Billion Debt?

(Continued from first page)

priming" in order to get "spending" money will reverse the process, since no government can maintain prosperity by impoverishing its own citizens, and make them even face food shortages when no necessity exists for that, at least so far as our country is concerned. Wonder is whether he practices deficit-financing in the liquidation of his personal bills, although it should not be considered a miracle that he has built up a following for his remarkable theories, inasmuch as he has managed to attach himself to moneybags, or establishments with the power to pass on the kind of money to be used.

Anything that increases the cost of production is detrimental to the average man, and to the welfare of the nation at large.

Even John L. Lewis recognizes that but he would not admit it. He seems to be prepared to let the laboring man suffer, because the surest way to increase misery and aggravate the struggle for existence, and the struggle to win the war, is to "unwarrantedly" raise the price of labor, since every advance, every shortening of hours. make the necessaries harder to get, place them more out of the reach of those that need them, and thus hamstring the purchasing power of the masses that have to pay taxes, and of the government that is in duty bound to increase taxes in order to supply the necessaries.

It is true that the increasing of expenditures and indebtedness, and the consequently higher taxes, as well as higher costs of production will make for higher prices, and bring these artificially to a level which may maintain a higher figure in national income.

On the other hand, the war cannot last forever, at least we should hope so, and the question at issue is to cover part of the post-war period.

Hence, it is also true that high prices do not necessarily mean prosperity, and they may pauperize the nation, and especially the workingman himself.

It is a well known fact that prosperity means plenty—abundance of everything for everybody—whereas high prices mean scarcity. Therefore, if high prices mean scarcity, and prosperity means plenty, can it be said that high prices mean prosperity, unless scarcity means plenty. When we recognize that, there need be no arguments on the subject of standard of living.

Dr. Saxon has rendered a great service to the public by his article. He has tackled a big, long-drawn-out job, and it is to be hoped that he will give us more of his broad thinking-powers. Of particular interest will be taxes and the saving of waste.

There cannot be, nor should there be, the least doubt as to our ability to meet our obligations. The amount above stated may be high, but it must be our goal to find a means for its liquidation in good faith. We owe it to ourselves to see that it is done, and no one outside of our own borders will help us do it. Dr. Saxon's reminders of events in the past are worthwhile pondering over. He has supplied an answer to about all the questions he has raised in support of his arguments.

He has not offered a suggestion as to how to reach the minds of the masses, and have them realize practically, so as to better understand, the problems listed by him, and which are confronting the whole world, not only ourselves. We shall all have to help.

Every thinking man and woman should, and will want to make Dr. Saxon's article a part of their economic catechism.

The establishment of governmental lotteries should not be given much consideration. The governments that have used them, have invariably undermined their countries' circulating medium.

Let us hope that obedience to the Laws of Nature will be restored to the world by the men in high places. It will abate the burden to be carried, and dreams of Utopias may become good subjects for bed-time stories.

WM. W. FARRELL

President, Mercantile National Bank of Chicago

I think Dr. Saxon handled a very difficult question very ably, and I enjoyed reading what he had to say. As a matter of fact, I have read it several times and I sincerely hope he will turn out to be a good prophet.

JOS. S. THOMPSON

President, Pacific Electric Mfg. Corporation, San Francisco

I have read with interest the article of Dr. Olin Glenn Saxon and can only wish that the Doctor had stated somewhere in the article, in order to make it all-conclusive, a statement such as: "So long as we are committed to the policy of fostering land speculation and the private collection of a publicly created value, we will be forced to hamper and discourage industry and service. The public collection of the publicly created income would go far towards solving the problems noted herein."

It is interesting to see Dr. Saxon's reference to a national lottery and his fear that it might be combated on moral grounds. It would appear to me that the basis of judging the morality of any act would be as to whether it did injury to others or to the person performing it. Distinctly there could be no injury to anyone in buying lottery tickets if the lottery is honestly conducted, but in the gambling done by the real estate speculator, to the extent that it is not sure-thing gambling, his attitude is that he will obstruct progress and industry until the pressure of necessity puts him into the position of demanding the capitalized value of a portion of the return from the industry of whomsoever he has opportunity to hold up when that person requires the use of an area of land.

What a wonderful thing it would be if the "Commercial & Financial Chronicle" would constantly press for the elimination of this "Old Man of the Sea" from the shoulders of business, service, and consequent progress!

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

John D. Warren, special partner in Gammack & Co., New York City, became a general partner as of June 10th.

Harold R. Sweet retired from partnership in Pell & Co., New York City, effective June 10th.

Keen & Co., Philadelphia, was dissolved as of June 10th.

Henry Morgan & Co., New York City, was dissolved effective June 11th.

Attractive Possibilities Seen In Davis Coal & Coke

Common stock of the Davis Coal & Coke Co. offers an attractive situation, according to a memorandum just issued by Hill Thompson & Co., Inc., 120 Broadway, New York City, which calls attention to the fact that the 1942 dividends on this stock were over 13% on present price and the stock itself is selling currently at less than net quick asset value. Copies of this interesting memorandum describing the situation in detail may be had from the firm upon request.

Nat'l Resources Board Social Security Proposals Criticized As Inadequate And Vague

American Association For Social Security Declares Board "Muffed Chance"

A criticism of the social insurance recommendations of the National Resources Planning Board as inadequate and vague and as falling far short of the needs of the country was issued yesterday by the American Association for Social Security in its monthly publication, "Social Security." The Association declared that the Board "muffed a great chance to propose a consistent and broadly conceived system of social security, abreast of the time, and comparable — if not superior—to the best that other countries have established."

Declaring that the approach of the Board was characterized by "an essentially sound recognition of the interrelation of social insurance, public works and other Government measures," the Association criticized the absence of accompanying legislation, the absence of specific computations of cost and benefits, the divergence between the recommendations of the technical staff and the Board itself, and particularly the failure to recommend health insurance.

"The most shocking omission of the report is in the field of medical care," "Social Security" declared. "No amount of circumvention can obscure the fact that the best approach to the problem is health insurance. The Board's sound exposition (of the poor state of health in the nation and of the inadequacy of medical provisions) has its anti-climax in a lame recommendation for 'cooperation with the medical profession' to formulate 'plans.' Health insurance is just such a plan, already formulated, and indeed operating for many years in literally dozens of countries, industrial and agrarian, large and small.

"A proposal to secure cash benefits and medical care for the whole family, maternity care, hospitalization and funeral benefits, and covering the agricultural as well as the industrial population, would have given us a genuine health insurance system adapted to our American needs. The Board has missed a great opportunity to provide the answer to a grave problem."

The Association also specifically criticized the failure to recommend the immediate coverage of agricultural and domestic workers and other groups by unemployment insurance, and by old age and survivors' insurance, a coverage which has already been urged by the President, the Social Security Board and by labor groups.

Furthermore, the Association declared it "unforunate that the Board ignores the condition of the self-employed, farmers and other middle-class groups. After the world's tragic experience with the demagogic political exploitation of the insecurity of such groups by the Fascists, this omission is blindness of the worst sort."

The Board was praised for recommending disability insurance, but the Association deplored "the fact that no computations and no contributions and no provisions for minimum medical, institutional and rehabilitation services for totally disabled are included.' While the public assistance provisions were considered most valuable, the omissioin of the category of the permanently crippled was noted.

Concluding, the Association summed up its analysis and review of the recommendations:

"Certainly the reports of the National Resources Planning Board are significant to our nation. They will help to enlighten the American people and its leaders on the deficiencies of our society. The job of analyzing our present social and economic evils and suggesting a general path for expanding our economy and protecting our people has been performed with ability. But, as has been shown in detail above, the approach to the **practical** solutions, particularly in the field of social security, has not been characterized by directness and vision. The diagnosis, alas, is frequently more impressive than the prognosis. There are of course some fields in which the prognosis is also adequate to the problem. But in all too many others a hesitancy, a tendency to compromise, and a relapse into vague advisory recommendations for eventual future 'consideration' is only too apparent. This aspect of the reports must be a source of deep regret and concern."

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House Group To Investigate How Far U. S. Was Committed To Socialist Plan At Food Parley

The special House sub-committee which is investigating restrictions on brand names and newsprint, intends to summon the American delagates to the recent United Nations Food Conference at Hot Springs, Va., to find out how far the United States was committed to a program whose trend seems to be toward international socialism, it is stated by Representative Boren (Dem., Okla.)

In a special dispatch to the New York "Journal-American," from its Washington correspondent, David Camelon, it was reported:

Boren warned that the need for an investigation of the Hot Springs commitments is urgent: that the conference, without the authority of Congress, has established an "interim commission" which is to start not later than July 15 to carry out the conference program. And he said:

"It appears that the final report of the conference adopts the principle of regimentation and governmental control over the processing and distribution of agricultural products.

"Other sections of the final report—adopted by the last plenary session of the conference on June 3 — recommend such sweeping measures as changes in land tenure, the alteration of immigration laws to permit world-wide migration and resettlement of farm workers; international credit, producer and consumer cooperatives, and a realignment of agricultural life, which seems to amount to collective farming."

Specifically, Representative Boren was alarmed at recommendations in the final report of the conference of the principles of international standardization and grade labeling. Boren said:

"The conference calls for 'the adoption of international grade standards for agricultural and marine commodities, and of providing machinery for controlling the use of such international grade standards in international trade.'

"The report goes so far as to recommend 'standardization of containers, both nationally and internationally, along the lines suggested in connection with grades.' "

Informally, Boren said he feared that proposal might wipe out private initiative and enterprise on a world-wide scale; might destroy advertising and the free press on a world basis.

Boren warned that unless speedy action is taken, the program of regimentation and Government control may be instituted on an international scale without any appeal to the Congress. He continued:

"The conference itself, without reference to the legislative bodies of the United States or others among the United Nations, has created an 'interim commission' charged with the duty of 'carrying out the recommendations of the United Nations conference on food and agriculture'."

This commission, the Conference directed, shall "be installed in Washington not later than July 15, 1943."

Boren observed:

"Before that date, I believe it is essential that the Congress and the American people be informed how far the American delegates to the conference have committed the United States to a program whose trend appears to be toward some form of international socialism.

"The committee of which I am chairman holds a mandate from Congress to determine to what extent any agency of the United States Government may be formulating plans to alter our American economy in a manner not justified by the war effort and not authorized by Congress."

War Advertising Conference In N. Y.

A War Advertising Conference, sponsored by the Advertising Federation of America, will be held in New York City on June 28, 29 and 30 at which Government leaders will outline the advertising and promotion needs of the country's war effort, and advertising leaders will direct discussions as to how those needs can be met. According to Col. Williard T. Chevalier, Publisher of "Business Week," who is chairman of the program committee for the conference, it will be an all-out business conference with one objective —to increase the effectiveness and extent of advertising's contribution to the war effort.

A special feature of the conference will be a comprehensive exhibit of wartime advertising, featuring the advertisements of more than sixty of the country's largest national advertisers — a visual demonstration of the effectiveness of advertising in helping to solve the problems of the war.

Vitally important to all Advertising Club members will be the all-day conference of Advertising Clubs scheduled for June 29, for the purpose of discussing the war advertising activities of the local clubs and their expansion and closer tie-in with Government campaigns.

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Investment Trusts

FROM THE MAILBAG

Commenting on the significance of America's overwhelming war production record, the Parker Corporation **Letter** draws the following conclusions:

"It is true that in the face of this prodigious industrial efficiency of America, the world stands amazed. But American production and prosperity have been the admiration of the world for generation after generation.

"Something happened to us in the 1930's. We forgot our role in the world. We lost faith in our powers. We stepped out of character for a while. But now America is back in her natural stride. A global war has brought out—even to Americans themselves—the true stature of America. And, in our judgment the rise in the price of securities is not unrelated to this rediscovery of America, by Americans."

The **Letter** also contains a comparison of Incorporated Investors' performance with the results of eight forecasting devices recently discussed in Barron's. The periods of comparison vary, going as far back as December 1, 1940 and ranging from 18 to 30 months in duration. Only one of the forecasting devices showed better results than Incorporated Investors. The combined performance of the eight "systems" for the over-all period was a net loss of 4% as compared with a gain of 26% for Incorporated Investors.

* * *

The June report of New York Stocks, Inc. to its shareholders states that in the first five months of this year, 14 of its 16 industrial stock Series outperformed the Dow-Jones Industrial Average. The Railroad Series bettered the gain in the Dow-Jones Rail Average and the Public Utility Series exceeded the advance in the Dow-Jones Utility Average.

Manhattan Bond Fund's June report points out that since April, 1942 average stock yields have dropped from nearly 8% to about 4.7% as a consequence of the advance in stock prices. This reduction is cited to emphasize the attractiveness of medium grade bonds which are selling at substantial discounts to afford liberal returns. On June 1 Manhattan's net assets totalled $13,481,141.

* * *

Last Thursday's issue of National Securities & Research Corp.'s **Investment Timing** warned that "a decline in the Average during the coming week, of even so little as a point and a half from tonight's close (141.68) would not only indicate real danger of an 'appreciable market reaction' but would also suggest the possibility of a reversal of the intermediate trend." The complicated subject of tax carry-overs and carry-backs and their probable effects on individual companies is competently discussed in this issue of the service.

National Securities & Research Corp. has announced the opening of two wholesale offices, one in Boston under the direction of Mr. Ira G. Jones and the other in Chicago headed by Mr. M. G. H. Kuechle.

* * *

"Primer of Profit Prospects" is the title of a new "vest pocket-size" booklet by Calvin Bullock for use in follow-up of returns from a newly prepared double postcard for direct mail. The booklet has the quality of stimulating one's imagination with the post-war prospects of American industry while at the same time underlining the difficulties of investing to assure full participation in the anticipated gains.

* * *

Applying the principle of "dollar averaging" to Affiliated Fund, the latest issue of Lord, Abbett's **Abstracts** shows the results of a program involving the investment of $100 on the first of each month from April 1, 1940 up to June 1, 1943. Dividends were reinvested. Although the Dow-Jones Industrial Average declined 3.6% and Affiliated Fund was off 1.8% during the period, the net gain of the "dollar averaging" program was 62%.

What might be termed the Lord,

(Continued on page 2275)

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Canadian Securities

By BRUCE WILLIAMS

A wealth of interesting facts and many stimulating ideas emerged from the annual meeting of the Canadian Manufacturers Association in Toronto last week. The Hon. James A. MacKinnon, Minister of Trade and Commerce, announced that 1942 was the most notable trade year in the Dominion's history.

Canada has now become the third largest trading nation in the world. Although present exports are all of an essential nature destined for the single purpose of winning the war in the shortest possible time, post-war industrial policy is receiving intensive consideration. Moreover, Canada's tremendous war effort is laying a foundation in experience for the testing period ahead.

Mr. MacKinnon further stated that the necessity of maintaining and enlarging the Dominion's trade with the United Kingdom and the United States was fully appreciated. In addition, China, the Caribbean countries and Central and South America were great potential markets for Canadian goods. The inevitable vast development of the Canadian West and North West, together with Canada's key position on the world airmap will give the Dominion an invaluable advantage in trading with that area which will possibly prove the world's greatest market, namely, Russia and the Far East.

However, as demonstrated on many occasions, Canada's trade policy is based on international cooperation and not nationalistic competition. The geographical proximity and the necessarily similar developments in the Dominion and the United States render it essential that the two countries deal with the problems of international trade in a spirit of friendly cooperation. That this is fully recognized is happily demonstrated by the significant experiment in developing trade relations as a means of cementing goodwill between Canada and the United States which is being undertaken by British Columbia business men.

The Vancouver Board of Trade is sending a delegation to a Seattle conference to discuss with officials of the Seattle Chamber of Commerce the future of the Canadian North West and specific problems for international cooperation in industrial and trade activity. It is expected to result in the formation of a permanent committee representing all important business centers in British Columbia, Washington and Oregon, and possibly Alaska and the Yukon.

During the past week the market for Canadian securities in New York has followed the pattern set since the closing of the Fourth Victory Loan. A steadily growing demand has met with a decrease in the supply of bonds from Canada. Dominion-guaranteed Canadian National Railway bonds have commanded the most attention and have reached new high levels. The 5s of October 1969-49 at 115¾ and the 4½s of 1951 at 111⅜ now return slightly less than 3%. The 4½s of 1956 and 1957 return almost exactly 3% at 115 and 115½, respectively.

Popular interest also was shown in British Columbias and market supplies were steadily absorbed with the 4½s of January 1951 in demand at 106½, the 5s of 1954 at 110¾ and 5s of 1959 at 112½. Firmness continues in Saskatchewans with the 4½s of 1960 quoted 92-93. Similarly, Manitobas were still in demand, but activity in these bonds is restricted by scarcity of supply. Direct Dominions and the other high-grade Provincial and municipals were steady without notable price changes. The market for Dominion of Canada internal bonds showed renewed firmness. These issues were quoted on the basis of 9⅞% to 9⅝% discount. After weakening from 9¾% to 15% discount, internal corporates have recovered and are now 14½% bid. The idea that the Canadian dollar will attain parity with the U. S. dollar is evidently hard to dissipate.

Canadian bonds have always found a welcome home in the portfolios of the insurance companies in this country and their confidence has been amply rewarded. In this connection, it is interesting to note that a bill has just been introduced in the Illinois State Legislature which would authorize insurance companies in that State to invest in Canadian bonds in addition to the amount of the deposit required by the Dominion of Canada, a further 5% instead of 2% of admitted assets.

N. Y. Savings Banks Show Continued Gains

The net gain in New York State savings banks' deposits of $47,433,589 during May is the largest reported for any one month since Pearl Harbor and represents further evidence of the trend on the part of New York State's citizens to divert an increasing proportion of their earnings into savings, according to a statement issued June 11 by the Savings Banks Association of the State of New York. Furthermore, citizens of New York State purchased a total of $157,904,000 in Series E, F and G War Bonds during May, of which $19,009,200 were sold through the savings banks. Total sales of E, F and G Bonds in the State during May were the second highest for any month on record, comparing with $103,514,000 in May, 1942.

The gain in savings accounts, the announcement adds is also a record breaker with a net increase of 21,538 accounts for the month. The gains in both dollar deposits and savings accounts are the best for any May in over twelve years and are the result of increased dollar deposits and more new accounts opened, coupled with a smaller volume of withdrawals and fewer accounts closed.

Open savings accounts at the end of May, it is stated, totaled 6,083,567 with total deposits of $5,725,629,112. These include an estimated 200,000 Pay-Roll Savings and Victory Club Accounts in which the accumulated balances are regularly invested in Series E War Bonds for depositors.

NYSE Common Stock Dividends Down 1.5% In First Quarter

Dividend payments amounting to$424,113,000 were disbursed to owners of equities of 475 corporations listed on the New York Stock Exchange in the first quarter of 1943, representing a decline of 1.5% from the payments of the first 1942 quarter, according to the May issue of "The Exchange," monthly publication of the Stock Exchange. In noting this small decline, however, the publication points out that "dividend payments on common stocks during the first quarter of recent years have proved to be indifferent indicators of what a full year will bring to stockholders." It cited the fact that the initial 1942 quarter showed a decline of 1.4% from the distribution of the first 1941 quarter but that the results for all of 1942 disclosed that a decline from 1941 of 12.1% occurred.

The publication further stated:

"The individual stock groups show features which attract attention on a comparative basis. Cash dividends of the automotive group, for example, declined 1.6% in the opening 1943 quarter, whereas the recession for the corresponding period last year was 24.7%. A year ago this industry was still in the throes of conversion to capacity war production, with consequent effects on costs and gross income. Railroads, which reported the modest rise of 6.1% in dividends for the first 1942 quarter, lifted the increase this year to 35.4%, with 32 listed rail corporations making payments.

"The mining industry, which disbursed nearly 4% more in the initial quarter of 1942, reduced dividend payments by 10.2% this year, presumably the result of increased taxes in the face of stabilized prices for most of its production. The paper and publishing business felt the impact of restrict output, the group dividends declining 29.6% this year, whereas a gain of 36.1% was reported for the first three months of 1942. Petroleum disbursements held about even this year with last, reflecting the rugged character of this industry's profit-making ability; the first quarter of 1942 saw a rise of nearly 7% of dividends over the 1941 period.

"The machinery and metal group's decline of 14.8% this year compared with a 16.4% rise in 1942 over 1941.

FDR Denies Approval Of Forced Savings

President Roosevelt denied on June 11 that he had endorsed compulsory savings at his June 8 press conference and said that he wished to correct any wrong impression that may have been gained since he was discussing the theory of taxation.

In Associated Press Washington accounts the following was reported:

The President recalled that he had been asked whether compulsory savings were necessary to help plug the inflationary gap and that he had replied that it was possible they were. But he said that he was dealing only with possibilities.

A sales tax is also a possibility, he remarked, although Congress might have to enact one over his veto.

Both taxes and savings could be used together to combat inflation, the President said, but he did not state that they would be employed. He added that he had not even determined finally on whether to send Congress a message.

Mr. Roosevelt voiced a hope that compulsory savings would not be necessary and indicated that he did not intend to ask for them at any time in the near future, although he said it is desired that the inflationary gap be closed as far as possible.

Adding to the possibility that such savings would not be needed, is the public support of War Bond drives, which have gone over, he said, with enthusiasm and great success. He recalled that the last drive had been oversubscribed and that Senator George of Georgia, chairman of the Senate Finance Committee, had hailed that fact as making compulsory savings unnecessary.

He conceded that the gap had widened somewhat since he asked Congress in January for $16,000,000,000 in taxes and savings to close it.

Asked what kind of savings there could be of a non-compulsory type and whether it would be possible to legislate voluntary savings, Mr. Roosevelt said it sounded crazy, but it was perfectly possible to legislate in that manner and that there are several types of non-compulsory savings that could be employed.

But as for outlining just how the gap could be filled in, Mr. Roosevelt preferred not to provide a blue print, declaring that is up to Congress. Nor would he comment on the possibility that the new 20% withholding tax on incomes (above exemptions) to become effective July 1 might be boosted as high as 40%. He said that was too deep water for him to plunge into.

In noting that the inflationary gap had widened slightly, Mr. Roosevelt observed that there also were some proposals for what he called further inflation in the field of wages and farm prices, but he did not specify what he had in mind.

If he does send the message to Congress, the President said, it will be on the whole problem of inflation and its effect on every body in the country. Mr. Roosevelt's remarks about compulsory savings were given in these columns on June 10, page 2182.

The Securities Salesman's Corner

A Reminder For The Boss! Salesmen Can Read It Too

"If you do a good job you never hear about it—if you don't you can be sure you will never hear the last of it!" That's the way one salesman expressed himself the other day. Some say that most salesmen are born kickers—possibly there is a bit of truth in such an assumption. Yet it is also true that the complaint made by this salesman had a great deal to back it up. Whenever such a condition exists in any organization it should be promptly corrected. A salesman is only worth as much to himself and his firm as he feels he is worth. Sales morale is an asset that can be ruined in a day but it takes months and sometimes years to build it up.

If there is anything a salesman resents it is a lack of understanding and appreciation upon the part of other members of his organization regarding the job that he is doing. The salesman who made the remark referred to above really had a justifiable complaint. Some might say that he was unduly sensitive—but salesmen are that way—it's the nature of the breed.

It seems that he had been working on an account for almost a year. He finally secured an order but it was small. The prospect told him that he was really putting the order on a complimentary basis; he said he wanted to give the salesman some business. The salesman thanked him but made the point that he didn't want any business on the basis of friendship regardless of how much he appreciated the gesture. The prospect countered with the reply that he did like the stock and would take a hundred shares instead of the fifty he first offered to purchase. He also explained that at the present time his available funds were limited but that he hoped to do more business in the future with this salesman. All in all this was a pretty good job as we view it. Here was a year of diligent work, and a good beginning toward a profitable account—we would say this salesman had a right to feel some satisfaction in the job he had accomplished.

But his satisfaction was rudely jolted a few days later. He bumped into one of the (non-selling) executives of his firm who happened to be a friend of the new customer. This executive knew the customer had a very much larger buying power than was indicated by the initial order which he saw go through the cashier's office. Without stopping to ask the salesman about the case he immediately wisecracked, "Some order you got from Jones, do you think he could afford it?" Of course the salesman burned up. He resented this attitude on the part of this executive. The thoughtless remark created ill will on the part of the salesman against a member of his own firm. When such a condition exists in any organization it is no wonder that sales figures slump and unless it is corrected—the morale of the entire sales force can be undermined.

Many a salesman could tell his boss something like this: Your salesmen are different than your other employees—they are individualists. They work for something more than money and that is pride in their accomplishments. Give your sales force all the credit that is due to them. Tell the rest of your office force and your organization to remember that if the sales force didn't go out and get the business they would not have any jobs sitting behind their desks. And pass out the pats on the back when you see a job well done while you save your criticism for the sales-manager to hand out when it is necessary—that's his job anyway.

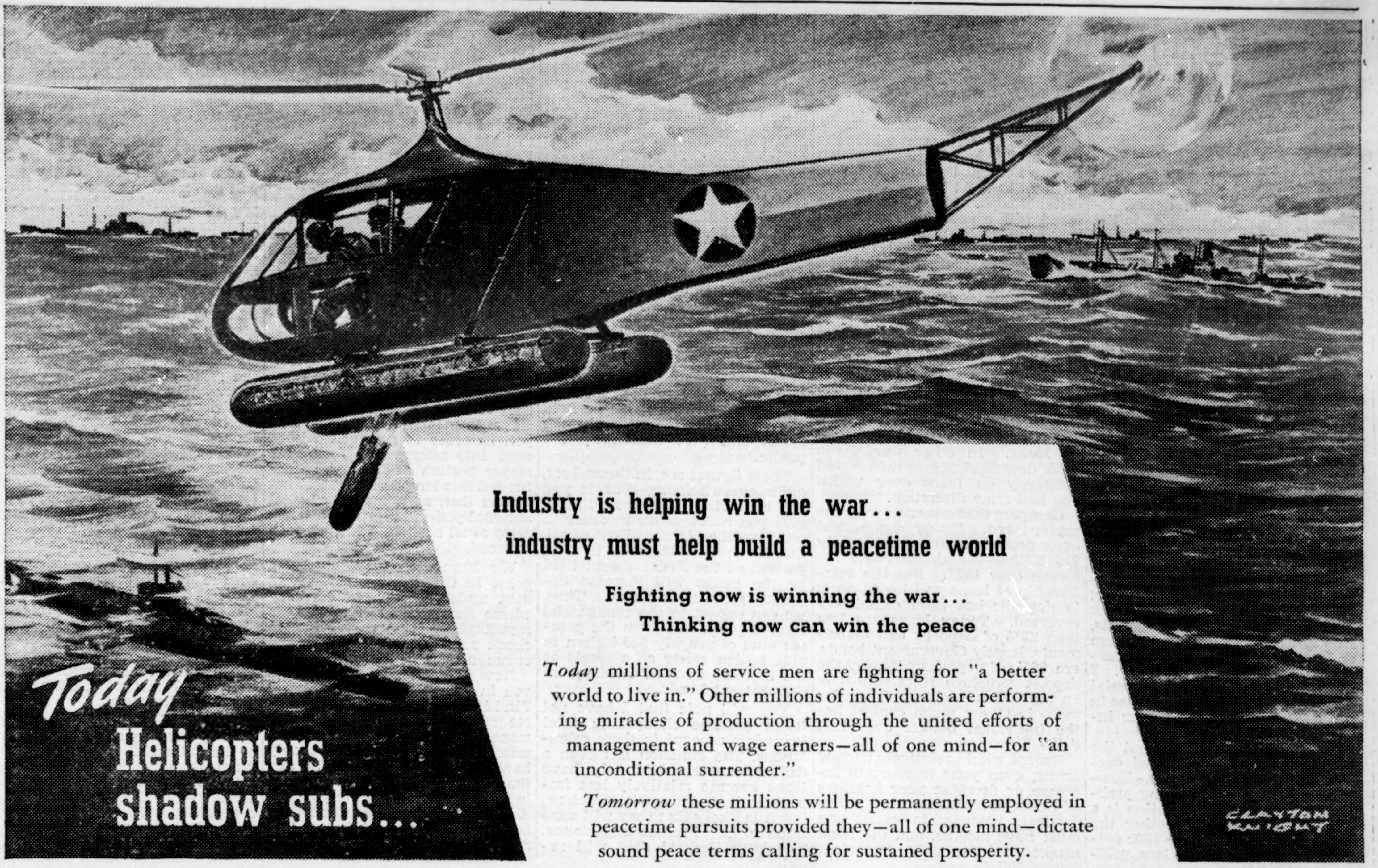
No salesman can do his best work if he isn't happy. One way to keep him happy is to take an interest in the job he is doing—**that means constructive criticism if you have it to give—he'll appreciate the kind of help that comes from a kindly personal interest — the wisecracks from any source within his own organization he doesn't need—if you have to give somebody a slam save it for the bureaucrats in Washington—your salesman's job is tough enough without them.**

NY Community Trust Resources Higher

Resources of The New York Community Trust, according to its annual report, made available May 31, were valued at $10,036,486 at the close of 1942 and appropriations made during the year rose sharply to $547,261, compared pared with $398,504 in 1941. Since 1925 the Trust has paid out upwards of $3,500,000.

Of the Trust's 60 funds, 13 were created or enlarged during the past year, from receipts aggregating $423,390.

Disbursements were made in 19 states. In the proportion of total appropriations received, New York State was first with 64%, followed by Missouri and California.



Industry is helping win the war... industry must help build a peacetime world

Fighting now is winning the war...
Thinking now can win the peace

Today millions of service men are fighting for "a better world to live in." Other millions of individuals are performing miracles of production through the united efforts of management and wage earners—all of one mind—for "an unconditional surrender."

Tomorrow these millions will be permanently employed in peacetime pursuits provided they—all of one mind—dictate sound peace terms calling for sustained prosperity.

If the world is to prosper, there must be the same cohesion among the United Nations during the transition period and thereafter as now exists during the world-wide conflict. Internal stability here and in other nations can be gained and maintained only by sustained industrial production and by economic interdependence.

The people of this country, in common with the people of other lands, will prosper materially and spiritually when this war is ended but only if insistence, world-wide in scope, is now voiced for A JUST AND DURABLE PEACE.

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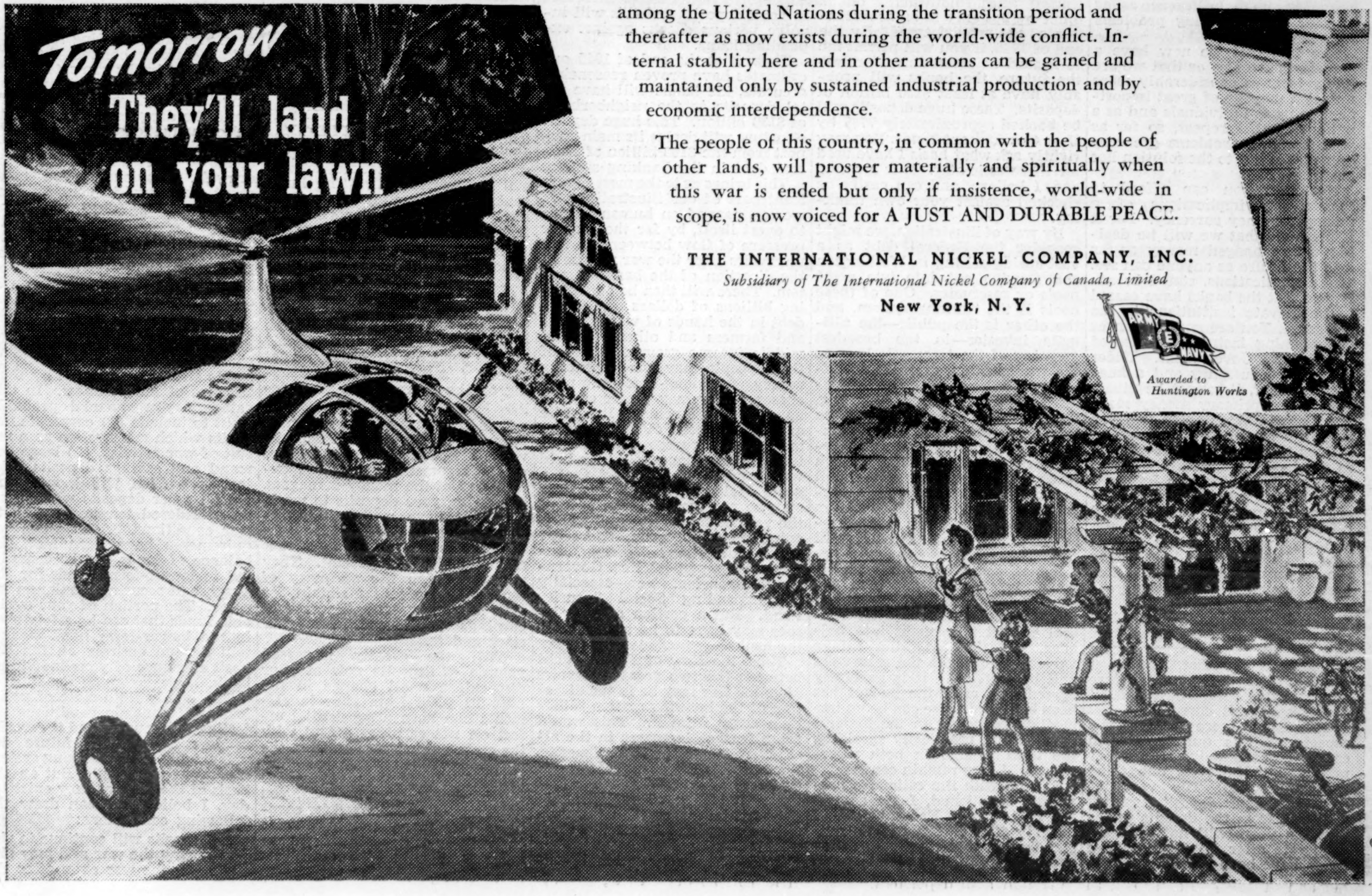

Managing Managed-Money

(Continued from first page)

sufficient funds', that don't necessarily mean what you seem to think. What we mean is the **bank** has insufficient funds."

Obviously, that must have happened sometime ago. "Insufficient funds" are hardly a banking problem today. The deficit financing of our Government in the years before the war and the vastly increased deficits resulting from the war have provided the banks with more funds than ever before.

No, your basic problem is not one of insufficient funds, but rather, what to do with the increased fund you now have. How are you to provide adequate protection for your depositors and at the same time secure maximum earnings for your bank?

In my opinion, **the key to solution of these problems lies in the nature in the funds themselves.** Just what kind of funds do your increased deposits represent? Are they essentially the same kind you dealt with during the Twenties or during the early Thirties? In certain important respects, I think not. The nature of bank deposit currency has been changing steadily since the New Deal came into power in 1933. In saying this, I do not refer to the change from an orthodox gold-standard currency to a managed currency. **I am thinking of the fundamental changes which have taken place in the deposit structure of your individual banks.**

Much could be said about the development of a managed currency in the United States. However, that is not a banking problem any more than inflation is a banking problem. Whether the funds you deal with are 100c dollars, 59c dollars, 10c dollars, gold-standard dollars, managed-currency dollars, or commodity dollars **makes no real diference as far as your main banking problems are concerned.**

The fact that we now have a managed currency, or that we are likely to have considerably more inflation may be of great importance to us as individuals and as a nation. But, I repeat, so far as your banking problems are concerned, the key to the solution lies elsewhere.

Not that you can afford to ignore the implications of a managed-money currency. For it is probable that we will be dealing with managed money as far into the future as anyone can see. Those implications, stated broadly, are that the banks have ceased to be private institutions in the old sense. You are now in danger of becoming instrumentalities of the Federal Government. Under a managed currency and a huge Federal debt, it cannot be otherwise. The primary money managers are in Washington and you are, in a sense, their agents.

Does this sound like revolution in the banking system? Perhaps it does. But as Thomas Jefferson once said, "Debt and revolution are as inseparable as cause and effect."

Accepting the realities of this new relationship and assuming the responsibilities which it imposes on you will facilitate your operations as bankers; will, indeed, enhance your individual contributions to national welfare. But it will not solve your main problems! For that, you must examine into the present nature and probable future development of bank deposit currency.

Obviously, there are some aspects of this question which cannot be accurately measured or predicted. However, one thing appears certain: The vast increases in bank deposit currency resulting from the deficits of the past ten years will not suddenly evaporate after this war. These funds have been created by Federal borrowing from the banks **and they can be reduced only as our Federal debt held by the banks is reduced.**

I needn't tell you what the prospect for substantial reduction in our Federal debt apears to be at this time. At best, it is a very distant hope. Instead, we are faced with a probable increase in the total to a figure variously estimated at from $200 to $300 billion. But, more of that later.

First, let's take a look at our present bank deposit currency. How is it derived? Wherein is it different from the bank deposit currency of the last war and the years that followed?

In the year 1917, for example, commercial bank deposits, excluding inter-bank deposits, amounted to roughly $22 billion. These deposits were backed 83% by loans. In other words, the bank deposit structure then rested primarily on loans over which you had some discretion.

Compare that situation with the present one. Today commercial bank deposits total approximately $85 billion—an almost 300% increase over 1917. But the relationship of loans and investments to deposits has been completely reversed. Today loans are less than 23% of deposits and investments, largely Government bonds, are 65% of deposits. Today, the deposit structure rests primarily on the Federal debt. And, gentlemen, just how much control has the individual banker over that debt?

Except within relatively narrow limits, even your freedom to increase or decrease your holdings of Government issues is only theoretical, because, to exist, you must have income, and the bond market is the only important source left to you.

Can we expect this situation to change after this war? Yes, I think so, **but only in an accentuation of the present trend.** By the end of 1945, if you will permit me to hazard an estimate so far into the future, the banks will probably have at least $130 billion of deposits. These huge deposits will be backed approximately 77% by U. S. Government bonds. You may rightly ask what basis I have used for these estimates. It is a sound one, I believe, and can easily be checked against your own thinking.

By way of illustration, we might consider the Federal debt as a vast spring arising in Washington and flowing out into two great pools or reservoirs. One of these pools is the banking system, and the other is the public—the ultimate investor—in the broadest meaning of the term. So long as the war goes on, or more specifically, so long as our Government continues deficit financing, there will be a steady flow from this great debt spring in Washington out into these two vast reservoirs. That portion which flows into the banking system will increase total deposits by a corresponding amount. The portion which flows into the public reservoir, and remains there, will not.

Sometimes after the war we hope to see the flow from the debt spring come to a halt. That will happen on the day the Federal budget is brought into balance. On that day the intake valves leading into the reservoirs will be shut off. It is generally agreed that after the budget has been balanced there can be no immediate reduction in the Federal debt. Thus, practically speaking, **the total volume in both reservoirs will then remain constant.**

In line with the estimates previously mentioned, I am assuming that a total Federal debt of roughly $250 billion will be outstanding at that time. You may prefer some other estimate. But whatever the actual figure turns out to be, the general trend of developments with respect to the deposit structure of the banks will be the same.

And now, as to the basis for my estimate of total bank deposits after the war. The Federal debt today amounts to approximately $135 billion. About $54 billion is in the banking system and $81 billion is with the public. If the total Federal debt rises to our estimated $250 billion by the end of 1945, the net increase during this period will amount to $115 billion.

Assuming that the flow into each pool continues at the same average rate as heretofore, the banks will absorb $46 billion or 40% of this increase while $69 billion or 60% of the increase will flow into the public reservoir. Thus, when the intake valves are shut down, our estimated $250 billion of Federal debt will be held approximately $100 billion by the banks and $150 billion by the public.

These figures are, in themselves, quite overwhelming—but if you will bear with me, I should like to give you a few more in order to complete the picture. First of all, the $46 billion increase in that portion of the Federal debt held by the banks will increase deposits by the same amount. Thus, we can expect to see commercial bank deposits rise from the present total of roughly $85 billion to $131 billion **solely as a result of the increase in their holdings of Government bonds.**

You will note that I have not taken possible changes in total loans into account in these calculations. The omission has been a deliberate one. Not only have loans become relatively less important in the deposit structure, but it is likely that they will continue to be of minor importance. The huge Federal debt will require that strict Government control of credit be used wherever possible to halt further increases in bank deposits and this will involve various checks against expanding loans.

Thus, if at the end of 1945 our estimates have proven reasonably accurate, the banks will have total deposits in the neighborhood of $130 billion. This huge deposit structure will derive its main support from the $100 billion of Federal debt in the banking system.

This brings us to the most significant part of our illustration. If we can depend on human nature to exert itself, by far the greater pressure of flow between the two reservoirs after the war will be in the direction of the banking system. There will then be outstanding billions of dollars of Federal debt in the hands of war workers and farmers and other low and middle income groups. Many of these people may want spending money for long-deferred purchases. They may prefer cash in hand to a 2.9% return. It will be a major concern of the Government to discourage the pre-maturity redemption of publicly-held war bonds, but I suspect that a good deal of Federal financing may be necessary to take care of the volume tendered. And who is going to buy the refunding issues? Other individuals? Possibly. Insurance companies? Yes. Governmental agencies? Yes—especially the expanding Social Security Fund. But a portion of such issues may have to be absorbed by the banks.

Thus, the flow of Federal debt between the two great reservoirs after the war may be in the direction of the banking system rather than away from it. **This would mean further increases in the already vast total of bank deposits.** The importance of this factor is apparent when you consider that the $150 billion of publicly-held debt wil be larger than the then existing deposits in all the commercial banks.

The dangers to our national economy in this situation are immense. The danger is not that the Government may have difficulty in financing such a huge debt at low rates of interest. The powers of the Government in that direction are practically unlimited. Under present laws it has the power to enable the banks to hold a total of $415 billion of Federal debt. And should the need arise, does anyone doubt that additional powers would be forthcoming?

The real dangers are in the problems such a large debt will create. Jefferson understood this well when he said, "I place economy among the first and most important of republican virtues, and public debt as the greatest of all dangers to be feared."

Much of this debt is being created in the form of low-yield, short-term paper. To refund it into long-term bonds will increase the total carrying charges the Government will have to pay. And yet, in order to get such a huge debt into manageable form, the major portion of it must be refunded into long-term issues. That means that, as a matter of vital national policy, long-term interest rates must be held down or even reduced.

We have already reached the point in the creation of Federal debt under a managed currency where fiscal checks have become meaningless. The only effective check remaining is the will and common sense of the people.

Now, what does all this mean to you in your capacity as bankers? First it means that in the immediate future you will have more money to handle. And it also means that you will probably have smaller loans than at any time in the recent past. However, in seeking the solution to your individual problems you must go beyond these general facts. You must take a careful look at the circumstances — all the circumstances—surrounding your individual banks.

For, although total deposits may continue to increase after the war, it is highly probable that deposits in certain sections of the country will show rather substantial declines. At that time, I, personally, look for a vast reshuffling of deposits within the banking system. Banks in war-boom areas which are unable to develop a corresponding peacetime activity will be hardest hit. The large banks in the money centers are likely to be the recipients of a net flow of funds from outside areas.

Thus, it should be evident how important is the deposit structure of the individual bank. What portion of your deposits represents stable funds likely to remain with you after the war? What portion is suspect of sudden withdrawal? What portion is clearly "hot money"? A thorough understanding of the character of your deposits is vital.

It is true that your freedom of action in employing these deposits will be limited by the needs of the Government and by the expediency of the money managers. In putting your deposits to work, you will have a definitely restricted area of choice. However, the choices you make within that area are highly important. They will determine the adequacy of the protection you maintain for your depositors and the rate of earnings you secure for your stockholders.

With the greatly increased volume of deposits now at your disposal, a small change in the over-all yield from your investments can have a substantial effect on net earnings. And with the open-market rate on even the longest-term bonds now less than half of the famous 6% which smaller banks have enjoyed, you will no doubt be pinched for earnings. Even though you have twice the volume of deposits, if you receive less than half the return that you formerly received on loans, your earnings are likely to decline.

As already indicated, after the war the flow of deposits will be from the munitions centers and outside areas to the money centers. The influx of these deposits will put the big money center banks in the market for Government bonds. Conversely, the smaller banks whose deposits are contracting will be forced to raise cash. How can your individual bank prepare for these developments?

One answer often heard today is a ten-year, spaced-maturity program. And indeed, there is much to be said for that type of portfolio. However, it seems to me that any attempt to apply such a program indiscriminately to your banks would be as impractical as trying to fit all our soldiers with the same size shoes. To do the latter would require making a shoe sufficiently large to accommodate the biggest man in the Army. In the same way, applying a ten-year, spaced-maturity program to all banks alike may not provide sufficient cash equivalents for one type of bank and may result in an unnecessary sacrifice of earnings for another.

Moreover, a spaced-maturity program relies on the maintenance of the present spread between short and long-term yields. We must not forget that when interest rates rise, short-term yields usually show the greatest increase. At present prices, a rise in interest rates to a 3% basis would result in a 6.2% market decline in a standard ten-year, spaced-maturity portfolio.

I use this only as an illustration of the vulnerability of such a program to an increase in money rates. For reasons already stated, I don't think there is going to be a significant increase in money rates during any future period about which we need to be concerned at this time. Consequently, I see little likelihood of a substantial decline in the prices of long-term Government bonds, and some possibility that prices may even rise from existing levels.

I, therefore, believe that the majority of banks can safely protect their earning power by using long-term, high-grade bonds. To avoid the dangers of intermediate price fluctuations, it is necessary to maintain sufficient cash equivalents to cover all possible withdrawals. Obviously, you must carry cash equal to your reserves and operating funds, including balances at correspondent banks. War loan deposits should be covered 100% by Treasury bills. Public funds should be covered by Certificates of Indebtedness up to an amount deemed necessary.

With respect to other deposits, representing the bulk of your earning assets, that portion which cannot be considered relatively stable should be covered by Certificates of Indebtedness. In this category you would probably want to include (1) corporate deposits which are swollen as a result of war activity, (2) large demand and savings deposits subject to sudden withdrawal, and (3) all other deposits which may be considered temporary due to war conditions. After these requirements have been met, the balance of funds can be committed to longer-term bonds for the purpose of securing maximum income. The portion of your available funds that can be safely used in the longer-term bond market will depend entirely on the deposit structure of your individual bank.

The highly fluid state of political and economic conditions affecting this country and the world, renders forecasts of future developments in the banking system increasingly difficult. But on the basis of the facts as they exist today, I believe we can draw the following conclusions:

1. Deposits will continue to rise during the war and may rise after the war even after the

Federal budget has been brought into balance.

2. There will be a reshuffling of deposits in the banking system during the period of conversion from war to peace.
3. The large volume of deposits will make the public more self-financing than at any time in history.
    (a) Loans, particularly those of the smaller banks, will continue to decline.
    (b) Control of credit by the Government will restrict loans for speculative purposes.
4. The Government will be forced to maintain firm control of the money market and interest rates will be held down.
    (a) The refunding of short-term maturities will create great pressure on the Government to lower yields on long-term bonds.
5. The deposit structure of the individual bank will determine the investment program best suited to its requirements.
    (a) Cash equivalents should be large enough to provide for any possible decline in deposits.
    (b) Other funds can then be safely committed to longer-term high-grade bonds for the purpose of maximizing earnings.

And, by way of emphasis, I might add that it is as easy to liquidate the management of a bank through poor earnings as through bad loans and investments.

In closing, I would like to look for a moment beyond your problems as bankers. For, as citizens of this country, you have obligations which transcend the boundaries of your profession. The financing of the war is creating problems for this country of a magnitude never contemplated by our Founding Fathers. You have an important responsibility in helping to solve those problems.

Although any net flow of Government debt from the public into the banking system after this war will increase your deposits and thereby represent an immediate gain to your banks, the movement will only add to the already grave threat against our way of life. Thus, it will be your duty to aid the Government in every way possible in checking that flow.

And, finally, I want to quote two great statesmen. Winston Churchill, speaking in London this week said: "We have shown that we can face disaster. We have still to show that we can keep ourselves at the height and level of successful events and to be worthy of good future." Thomas Jefferson, although he could not foresee the magnitude of the problems that are facing us today, had an abiding faith in the ability and common sense of the American people. I am sure if he were with you now he would say as he did in his own time, "My confidence in my countrymen leaves me without much fear for the future."

SEC Amends Utility Rule

The Securities and Exchange Commission on June 4 announced the adoption of two minor amendments to Rule U-70 of the Public Utility Holding Company Act of 1935. This rule exempts certain persons from the provisions of section 17(c) of the Act. The first amendment, the Commission explained, extends the exemption to persons whose only financial connection is with an indenture trustee holding a majority of the voting stock of a company as security for an obligation which is in default, while the second amendment further exempts such persons from the limitation requiring that no registered holding company or subsidiary thereof shall have as many as one-half of its directors persons with financial connections within the scope of 17(c). The effect of these changes, the SEC said, is to permit a financial institution acting an an indenture trustee and holding in trust a majority of the voting stock of a company as security for an obligation in default, to have without limitation as to number its nominees as directors of such company.

Gallup Poll Links Roosevelt's Fate To War—51% Will Back Him If Conflict Continues

Pointing out that the political question discussed most often today throughout the nation is "what are President Roosevelt's chances of winning a fourth term if he chooses to run?" George Gallup, Director of the American Institute of Public Opinion, presents as follows the results of a poll on the question, according to Princeton, N. J., advices published in the New York "Times" of June 6:

"The President's first hurdle is to obtain the nomination of his party. On that score, the present evidence from Institute surveys shows that if the rank and file of Democratic voters were to decide the matter, the President would win the nomination easily.

"The important question is whether, having obtained the nomination, he can win the election against a greatly rejuvenated Republican party which has control of the State organizations of twenty-four States. Here again the views of the voters as gathered by the Institute show the direction of public thinking today.

Just as the war was to a great extent instrumental in giving President Roosevelt a third term in 1940, so the course of the war will likely determine his chances for a fourth term. In 1940 the President's strength as a third term candidate took a sharp upturn when the war passed from the "phoney" stage to the critical stage with the fall of France.

"Looking ahead to 1944, three possibilities lie open in regard to the war situation. Each would have its effects on the political campaign.

"First, the war may be over by election time. Second, the war may be still in progress about as it is today, without reaching a final or decisive stage. Third, the war may not be entirely over, but its end may be definitely in sight.

"The reaction of the voters of the country to each of these three situations sheds light on future trends. A study of their reactions has just been completed by the Institute.

"If the war is over and President Roosevelt runs for a fourth term next year, do you think you will vote for him or against him?"

For ____________________31%
Against ________________69%

"If the war is still going on and Roosevelt runs for a fourth term next year, do you think you will vote for him or against him?"

For ____________________56%
Against ________________44%

"The situation which many observers believe to be the most realistic possibility for 1944 is this: The war may not be over but it may look as though it will end soon.

"To determine what public reaction might be in that contingency, interviews for the Institute in all the forty-eight States put this issue to the voters:

"If the war is not entirely over next year but looks as though it might be over soon, do you think you will vote for or against Roosevelt for a fourth term?

For ____________________51%
Against ________________49%

Fewer Vacations Foreseen This Year; Pay Allowances A Wartime Practice

Fewer wage earners and salaried employees will have vacations this year, and proportionately more will receive pay allowances in lieu of time off, than in 1942, according to a survey completed by the National Industrial Conference Board.

The Board's survey made public June 14 embraced 150 representative companies with approximately 318,000 employees in a wide range of industries. The stage of virtual universality that the practice of granting vacations has reached in the United States is attested by the fact that not one company was found which did not adhere to this practice.

The Board's announcement further stated:

"Among 148 companies, 62, or slightly less than 42%, paid vacation allowances in lieu of actual time off to some or all of their wage earners in 1942. Seventy-three, or 49.4%, of these same companies now report that they will, or probably will, do so this year. Thirty-three of 150 companies, or 22%, reported that they paid allowance in lieu of vacations to a part of all of their salaried employees last year. Forty-three, or 28.7%, of these same companies now advise that they will, or probably will, do so this year.

"Among the 62 companies which paid allowances to wage earners in lieu of time off in 1942, 23, or 37.1% report that the arrangement applied to all their wage earners. Among the 73 companies which expect to pay such allowances to wage earners this year, 30, or 41.1% report that the practice will apply to all their wage earners. Among the 33 companies which paid allowances in lieu of vacations to their salaried employees in 1940, 10, or 30.3%, report that the system applied to all their salaried employees. Among the 43 companies which expect to pay such allowance to salaried employees this year, 19, or 44.3%, expect to apply it to all their salaried employees.

"For both wage earners and salaried employees the amount of pay in lieu of time off and the rate of pay during vacation actually taken, are most usually determined on the basis of a 40 hour week without allowance for overtime, although in the case of wage earners incentive payments are not infrequently taken into account.

"Among 144 companies reporting on this phase of vacations, 99, or 68.7%, report that determination of these payments to wage earners this year are being made on the basis of a 40 hour week, and 15 companies, or 10.4%, report that incentive earnings are added. Among 148 companies reporting, 136, or 91.9% report that pay allowances in lieu of vacation, and vacation pay for salaried employees are being computed on the basis of a 40 hour week.

"More than one-fourth of the companies co-operating in this survey stated that vacation policies had been liberalized in the past two years; one-sixth reported that these changes had been made within the past year.

"Almost 50% of the reasons for liberalization are the outgrowth of wartime influences. For example, a number of replies stated that new workers were being subjected to the same long hours and pressure for greater output as long-service workers, and yet, under the former policy, they were not qualified for time off with pay. In order to maintain peak production, maximum efficiency, and high morale for both new and old workers, vacation policies were revised in these cases so that new workers might share equally in the benefits of vacations.

"Approximately 70% of the replies indicate that an employee must be currently employed at the time of his vacation period in order to receive a vacation or vacation bonus. If his employment should be terminated voluntarily before his allotted vacation period, replies show that no provision is made to compensate him for the vacation for which he may have qualified through service requirements. Only 30% of the reporting companies provide such compensation.

"This situation is almost reversed, however, when military service is the reason for termination of employment, for, in that case more than 80% of the companies offer a bonus, or vacation pay pro rated according to length of service since last vacation season. Such vacation allowance is often paid in addition to any military service bonus which may be granted upon termination of employment."

To Hold Series Of CMP Meetings

In order that all manufacturers may thoroughly understand the details of operating their business under the Controlled Materials Plan, which becomes effective July 1, the Commerce and Industry Association of New York, in cooperation with the War Production Board, has arranged for a series of educational meetings to be held in the Association's Assembly Room in the Woolworth Building. Specialists in CMP procedures will address the meetings, which will be followed by a question and answer period when manufacturers will have an opportunity of securing official interpretations of their particular problems. The first of the roundtable series for members of the electroplating industry was held on June 10. It dealt specifically with the problems of electroplaters and how they will be able to obtain material under the CMP to maintain production. The second meeting of the series, for the welding and machine shops, was held on June 14.

Criticizes Present Rent Control Set-Up

Some plan whereby rent control would again be largely placed under the supervision of local fair rent committees seems to be the fairest and most logical solution to the chaotic conditions which have developed for real estate property owners, according to Charles A. Mullenix, Cleveland, President of the Mortgage Bankers Association of America. His suggestion was contained in a brief prepared for delivery before the special investigating committee headed by Congressman Howard W. Smith. Fair rent committees proved generally effective before the area rent control offices were set up, he said.

He declared he was a firm believer in the control of rents and other prices during the war emergency but that control should be in economic balance and equitable and fair. Mr. Mullenix added that he was convinced that "it has not been intelligent, fair or equitable and has not taken into consideration the economic balance between industries or between areas." He pointed out he was still waiting to hear of a single case where consideration has been given to the sharply increased costs of maintenance, wages, supplies and fuel in the determination of maximum rents.

An important part of the nation's economic life is endangered by the present rent control administration Mr. Mullenix concluded, and said one of the groups most adversely affected were the million or so property owners whose life savings are invested in rental housing to provide modest incomes for their old age.

Henry D. Boenning Dead

Henry D. Boenning, senior partner in Boenning & Co., Philadelphia, Pa., for 25 years, and Treasurer of the Philadelphia Stock Exchange, died at his home after an extended illness. Mr. Boenning held directorships in a number of industrial and public utility corporations and was a member of the Investment Bankers Association of America.

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Electronics And Research

(Continued from page 2262)

highs in the advance of science and industry. Your imaginations may well be startled by the electron and its far-flung influence on the future, not only in communications and industrial processes, but in the home, on the highways, on the seas, and in the air. We surely are on the threshold of an electronic age!

Radio and electrons might be said to have had much in common from their inception. Both are products of research and experimentation. Both of them represent achievements which have contributed immeasurable benefits to mankind. It was an interesting coincidence that when Marconi was sending his first wireless signals across his father's garden in Italy, Thomson in London was discovering the electron. When the radio tube was invented a number of years later, radio and electronics merged their capabilities to work great advances. Radio electronics research has made possible an unsurpassed radio system for our country. It has made electronic television work. It has brought into being the electron microscope which enables man to explore the hitherto unknown microscopic world. It is making available electronic means for a wide range of industrial applications. More recently, radio electronic research has made possible the creation of the new wartime miracle of radio, known as radar.

This is a summary of some of the accomplishments of radio electronic research, and brings to mind that in this country amazing progress has been made since the turn of the century in scientific research, and in the translation of the results of research into new products and services. Within this period has come the development of radio, which links the nations throughout the world together, and which carries to the homes in most of these lands messages of information, education and entertainment. Surely, this possibly powerful force of science and research has made isolationism a thing of the past! It has brought the world closer together by overcoming the barriers of distance and making possible a closer unity of thought among nations.

It was within this period, and in 1919, that R. C. A. pitched a tent for its first laboratory at Riverhead, Long Island. It was there that our research investigations began. That tent of wireless pioneers is quite in contrast with the new facilities of R. C. A. Laboratories dedicated last year at Princeton, N. J., as the foremost center of modern electronic pioneering. I repeat, **pioneering**; for in radio we are forever pioneering. Scientists and engineers of R. C. A. Laboratories are making outstanding contributions to the growth and expansion of electronics in the radio field, and also on countless trails far afield from radio and other forms of electronic communication.

Throughout the development of new methods of controlling and utilizing electrons in radio tubes, new electronic devices have opened up to usefulness a vast region of unused frequencies or wave lengths which have potentialities greater in scope than all radio in the past. There are the ultra-high frequencies or ultrashort waves, centimeter waves and micro waves. As an outgrowth of these developments, new electronic tools are being created. These tools hold promise of aiding, in unparalleled progress, in other fields, as well as in radio. Knowledge of their existence and estimates of their possibilities stimulate the imagination of research scientists to visions of new and unexpected horizons in the fields of physics, chemistry, biology, and in many industries.

Electronic television is one of the marvels of radio electronic research. It will occupy transmitting channels in this new ultrahigh frequency radio spectrum. It is the fulfillment of a desire, as old as man, to see what is occurring at a great distance, or in areas concealed from direct vision. Research scientists and engineers for several generations sought means for achieving the equivalent of vision at a distance, but the satisfactory realization of this achievement had to await the development of electronic television.

When electronic improvements became available through the Iconoscope or television eye (an invention, incidentally, by Dr. V. K. Zworykin Assistant Director of General Research, R. C. A. Laboratories) and through the Kinescope, or screen tube, in the receiver, television was no longer dependent on a scanning device; scanning was accomplished electronically, and that greatly expanded the ability to improve the quality of the picture, and to simplify television receivers for the home. As an added service to sound broadcasting, television has potentialities of effectiveness which surpass those of other means of mass communications. With post-war television stations connected with net-works, events of the nation will pass in review on the picture screens of home receivers. Larger and brighter picturs of greatly improved quality will be realized. Research and development, plus genius in design and production of receivers, will bring them within the range of the average pocket book. Post-war television will use electronic camera tubes with greatly improved efficiency. This will make it possible to pick up scenes with ordinary illumination. Night events, theatre performances, opera, and many other programs which utilize artificial light will come well within the range of the camera tube. The problems of heat and glare in television studios have been solved.

And then we have theatre television with great possibilities as a post-war service. For the first time in the centuries of theatre history a means is available for bringing to theatre audiences the thrilling drama of events as they occur at a distance in real life. Electronic methods have made it possible to produce pictures on theatre screen size. R. C. A. Laboratories demonstrated a picture twenty feet wide shortly before the outbreak of the war. Electronic means, coupled with automatic radio relays (an R. C. A. product), or coaxial cable, or other kinds of communications circuits will provide net-works for interconnecting television stations, so that pictures of events and programs can be flashed from distant points, to be broadcast to home audiences after the fashion of sound broadcasting. These same interconnecting circuits will carry pictures of events from the scene of action to theatres in different cities.

Research and **electronics in the field of television** will make ready a new industry and service to meet a pressing need for post-war employment. Television will provide new employment for an unusually wide range of arts, trades, and professions. It has no aspects of imminent technological unemployment. On the contrary, the quantities of equipment and services and new facilities needed will be such as to require a number of years to complete the initial expansion.

As a striking development of the use which is made of **new tools** and new techniques **resulting from advances made in radio electronic research,** we have the electron microscope. It is sometimes referred to as a by-product of television. It utilizes some of the techniques of television, particularly those which have to do with the focusing and control of electrons. The electron miscroscope has an epochal development in scientific instruments. It uses electrons instead of rays of light, and magnetic or electrostatic fields to focus the electrons in the place of glass lenses, such as those used for focusing light rays.

Parenthetically I might say that the lens which focuses electrons is simply free space. There is nothing in it at all. There is nothing which takes the place—nothing visible or physical which takes the place of the glass which you see in the lens of the miscroscope.

Through its use of electrons this new microscope enables man to peer deeper into the study of the microscopic world than ever has been possible before. Magnification up to 100,000 diameters are obtainable; and this means that the electron microscope is from fifty to one hundred times more powerful than the strongest optical microscope. A red blood corpuscle magnified to this scale would be as large as a two foot pillow; a dime thus magnified would appear more than a mile in diameter; and a human hair would be as large as a giant red wood tree.

Already the electron microscope has contributed new knowledge, especially in the biological and chemical fields. It has made possible the photographing of the influenza virus for the first time. This was accomplished with the RCA electron microscope in use at the University of Pennsylvania. Studies of bacteriophage virus and its destructive effects on bacteria have led to new knowledge. The discovery has been made that virus particles have internal structures,—things that never were known before.

New light has been thrown on the structures of textile fibers by the electron microscope, and much new information has been gained of particle sizes and shapes, colloids, service chemistry, plastics, and artificial rubber.

The study of anti-serum in the control of plant virus has made important advances possible in that field.

The **electron microscope** is often referred to as the most revolutionary laboratory tool of the 20th Century. Its tremendous power of magnification confirms some theories and disposes of others, and brings new revelations in fields which, in the past, could be surveyed only by estimates, theories, and long series of patient experiments. The development of a portable model of R. C. A.'s microscope is now in progress, and this will extend the availability of the instrument to a very large number of applications.

The electron microscope is a marvelous instrument, but of even greater import is the fact that it may have opened advances in science through the new knowledge which it daily brings to us; but in our review of these more startling developments which have come out of radio-electronics research, let us not overlook the wide range of industrial applications in which radio-electronic tubes already are being applied. Their use has been extended to nearly all fields of science and industry. No task is too heavy, too precise, or too fast for them to perform. Radio tubes are the control elements in devices which open doors, bring elevators to a level line, operate timing devices, and ring alarms. They are used in apparatus for smoke detection and fire prevention. They count and sort merchandise, match colors, and gauge the thickness of materials to a millionth of an inch. They measure humidity and atmospheric pressure, and control temperature. They check the presence in gases and liquids of solids which escape the human eye. Often it is said that these versatile electron tubes and the devices employing them can talk, hear, see, remember, count taste, calculate, measure, heat, control, and accomplish any number of tasks; in fact, electron tubes seem only to lack only a conscience, and that must be applied by those who employ them.

More recently electron tubes are finding new and constantly expanding applications in industry. Some of these applications are in the field of radio-frequency heating. They show excellent promise of speeding and increasing the efficiency of industrial processes and, at the same time, expanding their scope. This field is called radiothermics. An interesting application of radiothermics has been in the solution of what seemed to be an insurmountable problem in the production of airplane propellers made from impregnated wood; that is, a combination of wood and an impregnating compound. Radio-frequency power heats masses of this kind uniformly throughout, and in this instance, when the mass of wood and compound thus heated is placed under pressure in the forms of the processing machine, it presses uniformly without internal stresses which usually result in other methods of processing. The elimination of these internal stresses means that the propeller has a high factor of speed and is much less likely to fail. It is a more reliable and better product than can be produced by other methods. In addition, the time for processing is reduced fifty per cent to sixty-five per cent. In other words, production can be doubled for each machine in operation.

Radio-frequency power or radiothermics finds use in the drying of textiles. It is proving of great advantage in this field since it heats the material in the center at the same time as it is heated in the outer layers. Uniformity of drying temperature throughout the material usually produces a better product than can be achieved by methods which apply heat from the outside only. In one example, the drying was completed in about one-fiftieth of the time required by present methods, and the radio-heated product was declared to be superior.

The radio-frequency sewing machine uses the principle of radiothermics. That is a device for bonding thermoplastic sheets together along a seam in a continuous process. Instead of the needle and thread this machine uses radio-frequency power. Instead of woven cloth it works on thermoplastics such as Pliofilm, Vinylite, and Koreseal, the new synthetic materials which are finding wide application in the making of raincoats and caps and weather balloons, and in the packaging of many types of food and oils. It makes a thin solid seam that is airtight and watertight, creating a bond that is stronger than the material itself. This radio-sewing machine overcomes many fabrication difficulties involved in the conventional process methods as applied to these thermoplastics.

Radiothermics is of great use even in processes which require the heat treating of metals. Radio-frequency current is especially suited to work in this field, since the depth to which it penetrates into the mass to be treated can be controlled. It is also a much more rapid process than those now in use.

Radiothermics is applied in detonating explosive rivets which are used in inaccessible places in the construction of airplanes. A previous method required the use of a hot soldering iron or its equivalent, which was held to the head of the rivet until it was fired. With the radio-frequency detonator the charge explodes when the temperature is raised by inductive heat. There is no metallic contact with the head of the rivet.

Radio-frequency heat or radiothermics shows promise of very intensive applications in industry for all manner of operations, including those of annealing, welding, drying, gluing, curing, and cementing. Also, it shows some promise of being useful in deactivating enzymes in the preparation of dehydrated food.

In the aviation field, radio-frequency research has added immeasurably to the progress and safety of flying. A tremendous expansion in the aviation field is predicted in the post-war era. In parallel with this expansion, radio electronics will provide communications and notification systems,—instrument landing methods, collision prevention apparatus, instruments for measuring clearance and height, devices for indicating ground speeds, and many other types of instruments which will further safeguard the safety of planes through fog and inclement weather.

It is interesting to know that radio electronics research has produced luminescent materials which are useful in fluorescent lighting. Our research in this field is largely in connection with the development of luminous materials for use in television tubes.

As something of a measure of the extent of the application of the products of radio electronics, it can be stated that today electrons are at work in more than 56,000,000 radio sets in American homes and automobiles; also in every broadcasting station and in every radio station of the world, whether it be ashore, afloat, or aloft. More than 150,000,000 electron tubes are produced each year, chiefly for radio electronic communications, but with ever expanding applications which extend radio electronics into industry.

Now I am aware that in Wall Street the future usually is discounted in advance; that the market is sometimes considered a barometer of great events about to happen. I can tell you, however, that in such a fast-moving field as electronics, discounting even tomorrow is most difficult; and so rapid are the developments in this realm of science, that our research men learn new secrets of Nature almost daily.

I know that you will be interested in hearing something of the latest wonder of radio called "Radar." It is a new word which only recently came into the news. It is so new that it has yet to find its way into the dictionary. "Ra" stands for radio, "d" for detection, "a" for and, and "r" for ranging. Radar means radio detecting and ranging. The letters r-a-d-a-r spell the same forward as backward. This gives a clue to its performance. It operates by sending out signals and receiving a radio echo which is reflected by any object the radar beam may strike in space. An airplane, for instance, acts as a radio mirror when it is contacted by the radio beam. So powerful is this great scientific offensive and defensive weapon that in dispatches from London it has been credited equally with the R. A. F. in winning the Battle of Britain.

For many years America has been in the forefront of radar development; but, because war struck Britain first, it was there that this new aerial sentinel received its baptism under fire. The British are rightly praised for having done a magnificent job in quickly applying this great weapon under the extremities of war, which prevented the Luftwaffe from striking a knockout blow.

In the United States, through foresight and intelligence, as well as through improved scientific research, the Army and Navy played a vital part in cooperating with the American radio industry in fostering development of radar, long before the war.

Radar, as is often the case with a new scientific development, sounds mysterious and complex; yet there is a simple explanation of its principle that reveals how its magic performs. A remarkable illustration is found, as I mentioned before, in the echo. The boy who yoo-hoos at a cliff or barn and hears the echo is, in effect, practicing the radar principle. Sound strikes the object and is reflected back. Radio also has echoes, but, of course, radio waves travel much faster than sound; they travel at the speed of light—186,000 miles per second. Knowing the speed of light and being able to measure radio's time, from the time the signal goes out until the signal returns, distance can be measured.

The recent lifting of certain Army and Navy restrictions pertaining to radar has been like the turning of the page of a magic story book. It reveals the part played by the American radio industry, functioning in cooperation with the United States Navy and Army Signal Corps in the development of this revolutionary wartime science of detecting and ranging by radio. As an epic story of American teamwork between scientists and military and naval men, radar is an outstanding illustration of what American ingenuity and strategy can achieve.

Radio research work, and the basic research work of apparatus and technique for the locating of ships and planes by radar, was instituted by the Radio Corporation of America as early as 1932, when experimental equipment was constructed. Apparatus completed in 1934 was used for a series of cooperative reflection tests with the United States Army Signal Corps. Immediately after, the Army indicated an interest in the potentialities of developing apparatus for the detection of aircraft and ships. Encouraged by this response, R. C. A. continued to determine what performance toward this end might be expected. With further developments and improvements, the early apparatus indicated possibilities of much better performance than sound detectors then in use. By demonstrations and discussion the Army and Navy were kept in touch with R. C. A. research. In view of the possible military complications, no publicity was given to this development.

During 1937 operating equipment was completed and tested, indicating the distance and position of reflecting objects in much the same form as is now used in a large part of modern radar equipment. These developments had so grown in importance to the military services during 1937 that R. C. A. was requested to put all of this work on a secret basis. From 1937 until April 25, 1943, when the Army and Navy in a joint release lifted some of the restrictions relative to radar information, radar information—and even the word radar—were carefully guarded secrets.

It is now possible to reveal that what was probably the first application of radar principles to aviation was achieved by R. C. A. through equipment built and installed on its own plane in 1937 in connection with collision prevention apparatus. During 1938 and 1939 many flights were made, testing this apparatus and showing its effectiveness in warning of collision between aircraft, or between planes and mountains and other obstacles. The equipment not only determined the altitude with accuracy but was found to detect objects ahead with sufficient distance to warn of collision. Owing to the close relationship between this apparatus and basic detection equipment, announcement of these results was not possible.

As early as 1937 R. C. A. delivered experimental radar apparatus to the U. S. Army Signal Corps for location tests. As stated, radar, designed and manufactured by the Naval Research Laboratory, was installed on the U. S. S. New York late in 1938. At the same time R. C. A. had built for the Navy experimental equipment which also was tested on the battleship New York. As a result of the tests the Navy decided to develop additional radar sets, and in October, 1939, contracts were awarded to the Radio Corporation of American for six sets of aircraft detection equipment, patterned after the original model built in the Naval Research Laboratory and as installed on the U. S. S. New York. This was the first Navy Services equipment order. Apparatus as built by R. C. A. was installed on U. S. naval vessels at the beginning of 1940.

In R. C. A. Laboratories many scientists and engineers have contributed to radar through the development of integral parts which made it possible. Prominent in the field of work has been Dr. Irving Wolff, whose early experiments with radio reflection soon led into radar principles. He has been intimately associated with radar research work, while the staff of research workers have been under his direct supervision for work in the field.

As an outstanding illustration of the effectiveness of radar as a weapon of offense, I am going to read the published statement from the Memorial Day address of James F. Byrnes, Director of War Mobilization, which appeared in the New York "Times" of June 1. The statement is as follows:

"History will some day record the part radio and the radar have played in giving us fighting superiority over the Axis. But let me give you one instance. On the night of November 14, off Guadalcanal there lay a Japanese battleship. It was a stormy night. Eight miles away was a ship of our fleet. With the use of the radar our ship with its second salvo sank the Jap battleship in the blackness of night, eight miles away. Is there any wonder that the Japanese Admiral Yamamoto, who boasted he would dictate the peace to the United States in the White House has quietly passed away?"

That is the end of the quotation.

And thus radio electronics, with unprecedented achievement, is meeting the challenge of this war of speed, magnetization and impossibility. It is extending the human sense of sight to search out the enemy in distant areas. It is providing automatic means of speed and precision for destroying the enemy in actions of offense and defense. In air and surface notification, it measures distance with unparalleled accuracy by drawing upon new techniques and by using the speed of radio waves—186,000 miles per second—as a yardstick. The radio is turning night into day, and foul weather into fair, in locating targets and objectives. The enemy neither can receive any respite under the burden of fog or haze or darkness; there will be no blockade to radio electronics from these blanketing elements of Nature.

And soon, in post-war apparatus, we hope to turn the magic of radio electronics fully to its real purpose—of benefits to mankind.

Swarts In Marines

John L. Swarts, for the past six years manager of the trading department of E. Henry Sondheimer Co., 331 Madison Avenue New York City, has been accepted by the United States Marine Corps Reserve and will be stationed after June 24 at Parris Island, South Carolina.

Investment Trusts

(Continued from page 2269)

Abbett "Bible" is a unique booklet providing useful information for the so-called "insider." Covered in black and written in a simple, direct style, the booklet contains a host of facts for reference by affiliated dealers and members of the Lord, Abbett organization.

* * *

The most convincing piece of literature we've seen on the as yet only partially recognized **basic** and **permanent** improvement in the railroad industry came to hand this week. It is Distributors Group's "Vital Statistics of the Railroad Industry" prepared for use in connection with Group Securities' Railroad Shares. To summarize the story here would be to spoil it. If you're interested, we suggest you write for a copy.

* * *

MIT's **Brevits** cites an interesting example of the trend by trustees and endowment funds toward increasing their investments in common and preferred stocks. It is the Carnegie Institution of Washington, endowed by the late Andrew Carnegie and organized in 1902.

"The record of investments shows that for the first thirty-four years, the fund was entirely invested in high-grade fixed income obligations, but that beginning with their fiscal period 1935-1936, the fund was expanded to include both common and preferred stocks. In the table below is shown the increase in common stock holdings which has taken place during the last seven years."

Fiscal period	Bonds	Preferred stocks	Common stocks
1935-1936	92.5	3.3	4.2
1936-1937	86.6	3.6	9.8
1937-1938	85.1	3.7	11.2
1941-1942	65.7	7.0	27.3

Dividends

Affiliated Fund, Inc.—A dividend of 3c payable July 15 to stock of record June 30, 1943.

Canadian Consulate Opens In New York

Official opening of the new Canadian Consulate General in New York City, the first Canadian consular office to be established in any foreign country, was announced on June 1 by Hugh D. Scully, newly appointed Canadian Consul General in the United States. It was noted in the New York "Times" of June 2 that consular business hitherto handled at the British Consulate General must now be transacted at the new Canadian offices at 620 Fifth Avenue, where all consular activities pertaining to Canada will be conducted except those relating to shipping.

The area under the jurisdiction of the new Consulate General comprises New York State, Connecticut and Northern New Jersey. Outside this area, consular business pertaining to Canada will continue to be transacted at the British Consulates, Mr. Scully announced. He also said that officers of Canadian registered ships and members of the crew of any ship who are Canadians will continue to transact their business at the British Consulate shipping office, where a Canadian consular oficer will be stationed.

In adition to Mr. Scully, who was formerly Canadian Commissioner of Customs, the consular staff includes: Douglas S. Cole, Senior Canadian Trade Commissioner in the United States, Consul; Miss K. Agnes McCloskey, formerly accountant in the Canadian Department of External Affairs, Consul; L. H. Ausman, Assistant Canadian Trade Commissioner in New York, Vice Consul, and Flight Lieutenant Paul E. Morin, D. F. M., Vice Consul.

Plans for the opening of this consulate were discussed in our issue of May 6, page 1691.

Buy Twice As Many War Bonds To Avoid Compulsory Savings, Morgenthau Urges

Secretary Morgenthau announced on June 12 that the Third War Loan Drive will start on Sept. 9, and asked individual investors to contribute about twice as much the remainder of this year as the $7,000,000,000 in bonds so far recorded, to avoid compulsory savings, unless the Government gets more from taxes, according to Associated Press advices from Kingston, N. Y., on June 12, which also said:

"It will aim at raising the largest amount of money from individuals that any drive has raised in the history of the world," he told a Hudson River Valley audience.

At the same time the Secretary said: "From now on we're planning and attacking and I fervently hope that we can continue to work out financing plans together and keep them on a voluntary basis."

Our goal for individuals in this September drive will be to get a substantial part of the necessary money," he continued. "In a subsequent drive, and during the four months in which there are no war-loan drives, we will aim to get the rest through pay-roll savings and other continuing sales.

"I don't believe this an impossible job for the American people. The incomes received by all of us will be so much greater than the sum total of all the things we can buy that money will be at hand to purchase the necessary bonds and still pay taxes, life insurance, mortgage obligations, doctors' bills and to make all the rest of the necessary expenditures."

Morgenthau spoke at a ceremony at which the Treasury flag was awarded the City of Kingston, near his Hudson Valley estate.

Argentine Military Regime Assumes Rule

A military coup d'etat was staged in Argentina on June 4 overthrowing the isolationist government of President Ramon S. Castillo and his Cabinet and a new provisional government, headed by Gen. Pedro P. Ramirez, was installed on June 7.

Gen. Ramirez was co-leader with Gen. Arturo Rawson of the one-day revolution. In taking office on June 7 he declared that his country's policy would be one of friendship toward American peoples and of neutrality toward others. Argentina is the only South American nation maintaining diplomatic relations with the Axis.

Ramon Castillo surrendered the office of President to the military leaders on June 5, after a brief period of defiance aboard a warship. Following this action, Gen. Rawson became head of a military government but he resigned on June 7 when his efforts to form a Cabinet broke down. He handed over the provisional Presidency to Gen. Ramirez. This new regime on June 8 ended martial law which had been declared June 4 after the military revolt.

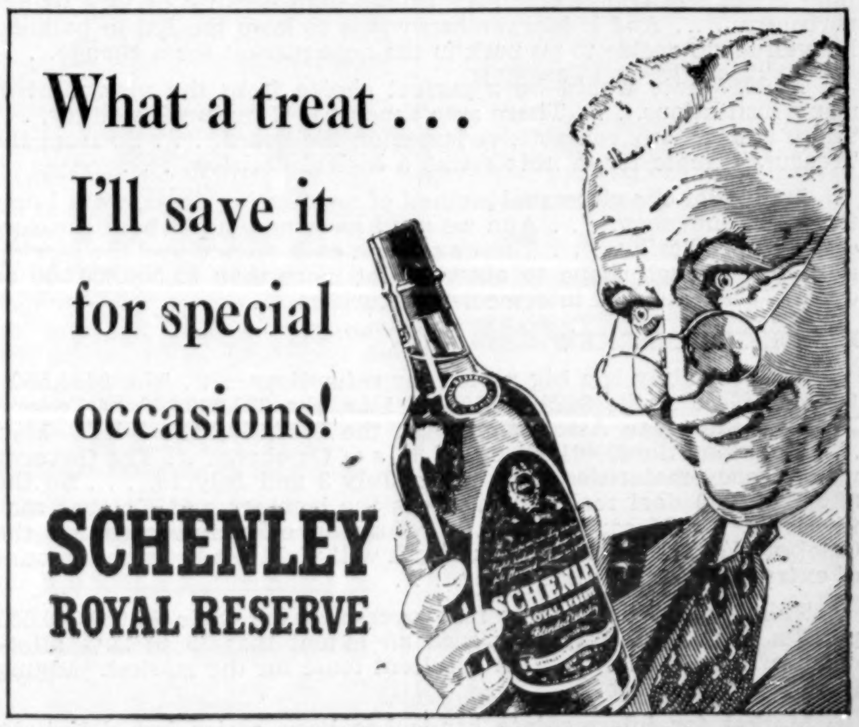
Formal recognition of the new Argentine Government by the United States was announced in Washington on June 11 by Secretary of State Hull. The Secretary said the decision was one of the usual steps taken in such cases and in the nature of a routine affair.

The Associated Press reported on June 12 that a total of 29 nations have extended recognition to the new administration. Included among these were Great Britain, Germany and Italy.

A Business Man's Philosophy

"Did it ever occur to you that a man's life is full of crosses and temptations? He comes into the world without his consent and goes out against his will, and the trip between is exceedingly rocky. The rule of contraries is one of the features of the trip. When he is little the big girls kiss him; when he is big the little girls kiss him. If he is poor he is a bad manager; if he is rich he is dishonest. If he needs credit he can't get it; if prosperous every one wants to do him a favor. If he is in politics, it is for graft; if he is out of politics, he is no good for his country. If he doesn't give to charity, he's a stingy cuss; if he does, it's for show. If he is actively religious, he is a hypocrite; if he takes no interest in religion, he is a hardened sinner. If he gives affection, he is a soft specimen; if he cares for no one, he is cold-blooded. If he dies young, there was a great future before him; if he lives to an old age, he missed his calling.

"But what's the use? So long as everybody knows that the leaders in business and financial circles consider reading each issue of The Commercial & Financial Chronicle, a weekly MUST affair, we will be satisfied. Life consists of one darn thing after another, sometimes two. If you save your money, you are a miser; if you spend it, you are a loafer; if you get it, you are a grafter; if you don't get it, you are a bum."



60% grain neutral spirits. Blended whiskey, 86 proof. Schenley Distillers Corporation, N. Y. C.

"Our Reporter On Governments"

By S. F. PORTER

If you own a portion of the $1,401,000,000 of 3¼% bonds, called for redemption October 15, this year, it might be a good idea to consider now doing your own refunding. . . . You know the bonds are to be paid off in cash. . . . You've some hopes, based on official indications and a guarded statement of Secretary Morgenthau to the effect that a new issue "may be offered" in advance, that you'll get an exchange offer and have an opportunity to make a quick turn thereon. . . . But you have the bonds now. . . . They're tax-exempts, you're looking forward to taxables. . . . And with the news on the refunding some weeks or months off, the premium on the 3¼s of 10/15/43—101.2 at this writing—looks mighty attractive. . . . By taking action on your own and picking out the bond you prefer in exchange for these, you've some control over your portfolio and a good chance for a profit by call date. . . . By waiting, you've also a chance for a profit on an exchange but you will have to take what is tendered at the time of the refunding. . . .

It seems to this observer, therefore, that over the next several weeks, the holder of the 3¼s may pick out a favored security and move into it in exactly the amount and manner desired. . . .

For instance. . . . Say you want and need tax-exemption but you don't dare move out into the long-terms. . . . Under those circumstances, you may sell the 3¼s now, freeze your premium, exchange the cash for the 3s of 1948/46 or the 2s of 1947 or the 2¾s of 1951/48 or the 2½s of 1952/50 or the 3s of 1955/51. . . .

Or say you need the tax-exemption and can afford to pick up a few longs. . . . Then you may buy the 2⅞s of 1960/55 or the 2¾ of 1965/60 or the 2¾s of 1963/58 or the 2¾s of 1959/56. . . . Cut your investment slightly if you prefer in the longs and use the reserve to amortize the premium. . . . Place less funds in the new issues bought on a general theory, if you wish, so that you have additional protection. . . .

But unless you've a definite conviction that the new bonds to be offered in exchange for the 3¼s—if any—are to be exactly what you desire, it may be a smart move to handle your own refunding far enough in advance to take advantage of any advance slated for the summer months. . . .

PIECEMEAL ANNOUNCEMENTS

There has been a lot of undercurrent grumbling over the way Secretary Morgenthau is revealing the terms on the $2,500,000,000 pending deal. . . . And a lot of unjustified grumbling too. . . . For all the Treasury is doing is returning to the system in vogue during the years prior to the multi-billion dollar war deals and keeping its secrets until the last minute. . . . A $2,500,000,000 financing is small enough to permit a return to that policy. . . . It's a regular open market flotation without any of the problems connected with public offerings and therefore Morgenthau is not harming anything by keeping his own counsel. . . . If anything, he's adding interest and excitement to the coming offering. . . . And despite the complaints, the market shows no bad effects. . . .

The deal is coming June 28, on the last Monday in this month and on the deadline for the end of this fiscal year. . . .

Of the total $2,500,000,000, about $2,000,000,000 will be available for commercial bank subscriptions and the balance will be allotted to non-banking sources. . . .

Individuals probably will receive their allotments in full. . . . Percentage allotments may be the rule for insurance companies and corporations, etc.—although that's not a certainty as yet. . . .

As for the terms, we'll have them soon enough and the Treasury is entirely justified in remaining quiet about the exact issue until the last minute. . . . This is a market issue and the entire list easily might be influenced by the type of obligation to be offered. . . . There's no sense to letting out this information beforehand. . . .

We've no inside information on this but there's still a chance that the Treasury will choose notes instead of the intermediate bonds being talked about. . . . Nothing definite has been said about a 2% bond, although the implications of the announcements to date have been that the issue, limited to 10-year maturity, would be a bond and would carry a rate in the neighborhood of 2%. . . .

However. . . . The banks want a note. . . . They've had plenty of certificates of indebtedness, plenty of 2% bonds in recent months. . . . Any institution not properly invested in 8 to 10-year 2s at this time is not so because of choice rather than because of lack of opportunity. . . . And if Morgenthau wants to keep the list in balance, he well made decide to go back to the note market for a change. . . .

A 1947 note would be a perfect choice from the viewpoint of many institutions. . . . There aren't many 1947 maturities either. . . . There aren't many competitive issues on the board. . . . So from the Treasury's angle too, a note seems a logical decision. . . .

But under the piecemeal method of announcing deals, we'll know the exact data soon. . . . And we need have no doubt about the success of this offering. . . . There's enough cash around and the market is in fine enough shape to absorb a lot more than $2,500,000,000 or even $3,500,000,000 of intermediate securities. . . .

INSIDE THE MARKET

This certainly is a big period for refundings. . . . The $454,000,000 of 3⅜s and the $629,000,000 of 1⅛s, the $55,000,000 of Federal National Mortgage Association 1⅝s, the $324,000,000 of RFC 1⅛s. . . . And then the $1,401,000,000 of 3¼s of October. . . . The Government agency maturities come up on July 3 and July 15. . . . So the $2,500,000,000 deal really just covers the summer and October maturities. . . . Of course, with a refunding offer indicated for the October 3¼s, the financing this month will yield a substantial amount of extra cash for the time being. . . .

Talk around that banks may oversubscribe their $2,000,000,000 portion of the June issue to such an extent that 15 to 20% allotments will be likely. . . . An excellent tonic for the market, judging from past experience. . . .

Market for intermediate bonds has been easier but definitely not weak. . . . Prices marked down in precautionary moves by dealers rather than pushed down by selling. . . . Actual selling is small although there has been considerable profit-taking in the 2s these last ten days. . . .

Outlook for price level still rated excellent. . . . Few dealers anticipating anything but minor declines for months to come. . . .

The 1¾s of 6/15/48, at 100.25 are considered a good buy by some. . . . On basis of maturity range and high interest coupon, considering ever-decreasing length of issue. . . .

If Morgenthau wished, he could sell a 2% bond of 1953 with success now. . . . One dealer thinks a 2 of 1953/51, which is within 10-year range and yet longer than previous 2s would be worth 10 to 14/32 right off. . . . A comfortable premium for a new issue, all right. . . .

Fact that 3¼s of October still are below the 101.4 level—at which they go on a no-yield basis—indicates market is not yet too confident of value of exchange privilege. . . . If big premium on that exchange were anticipated, the 3¼s should be selling above 101.4 and the price should be discounting the advantage of holding to get the new issue. . . .

Next nationwide public war loan may be held off until October, according to present indications. . . . Treasury will have cash from new issue, $4,000,000,000-plus from tax collections, cash to be received from war bond sales and funds to be obtained from week-to-week bill issues to carry him through until that late date. . . .

Republican Advisory Council Named To Plan Peacetime Program and Frame 1944 Platform

The appointment of a Republican post-war advisory council of 49 members to formulate "a realistic peacetime program for American progress" was announced on May 31 by Harrison Spangler, Chairman of the Republican National Committee.

The group, which will also serve as a committee for framing the 1944 party platform, consists of 24 Governors, five Senators, 12 Congressional Representatives and eight party officials. All prominent members of the Republican party are not included in the council but Mr. Spangler said that all Republican leaders will be consulted including former President Herbert Hoover and the last two Presidential candidates, Alfred M. Landon and Wendell L. Willkie—as well as leading spokesmen for agriculture, labor, industry and finance. Only seven of those on the council are not now holding elected positions, but they are connected with the National Committee or Congressional campaign organizations.

The council will soon hold its initial meeting in some central city to organize and lay plans for inquiry and action for next year. Mr. Spangler said the organization will set-up sub-committees to "study important segments of post-war economy." The council's recommendations will be submitted to the Republican National Committee prior to the next national convention.

According to Associated Press Washington advices Mr. Spangler said that the party must plan:

"1. For 'an abundance as against the New Deal philosophy of scarcity which is rapidly bringing us to a condition where our people will be hungry.'

"2. Make it possible for 'business, big and little, to succeed and not to be ruined by irresponsible bureaucratic interference and arbitrary control.'

"3. Plan to 'restore to the States and to the people the powers which over the past 10 years have been usurped by the Executive in Washington.'

"4. Plan for a 'free and prosperous agriculture; labor conditions which will insure labor its just share and conditions which will permit industry to expand, grow, develop and to produce the things which will add to our standard of living.' "

In outlining the work of the Council he also said:

"In our studies we must plan for an abundance as against the New Deal philosophy of scarcity which is rapidly bringing us to a condition where our people will be hungry. We must plan to create instead of destroy. We must make it possible for business, big and little, to succeed and not to be ruined by irresponsible bureaucratic interference and arbitrary control. We must plan to restore to the States and to the people the powers which over the past ten years have been usurped by the Executive in Washington. We must plan for a free and prosperous agriculture; labor conditions which will insure labor its just share and conditions which will permit industry to expand, grow, develop and to produce the things which will add to our standard of living."

Mr. Spangler likewise said:

"Although the winning of the war is our first concern, the Republican party is intensely interested in the tremendous problems, both foreign and domestic, which will face us when victory comes. They will arise as an aftermath of the war, accentuated by our ten-year debacle under the reactionary New Deal. They will call for the wisest statesmanship and the best and most patriotic efforts of all our citizens.

"The problem of a lasting world peace must be met courageously and realistically. We must approach this in a spirit of friendly co-operation with the other nations of the world, keeping in mind the welfare of our own country.

"When this war is won we will be confronted with a debt burden created by wasteful spending before the war and by the war itself which will be truly appalling. The tax load will strain our capacities to the utmost. Our industrial plant, geared to a total war, will overnight be compelled to return to peacetime activities. Millions of men and women now employed in our war effort must be returned to profitable employment in private life. Ten million men and women in our armed forces must be provided with decent jobs when they come home. We will face an impoverished and demoralized world without trade or commerce.

"As we look ahead we are acutely aware that never before in all our history has a call come for a higher peace-time courage, a more unselfish peace-time devotion to duty or for more real statesmanship. We must build a better and happier nation and do our full share in building a peaceful and better world."

The membership of the study-group includes all of the Republican Governors. Others are:

Senators: Charles L. McNary, Senate minority leader, of Oregon; Arthur H. Vandenberg, Michigan; Albert W. Hawkes, New Jersey; Robert A. Taft, Ohio, and Warren R. Austin, Vermont.

Representatives: Joseph W. Martin, Jr., House minority leader, Massachusetts; Albert E. Carter, California; Everett M. Dirksen, Illinois; Charles Halleck, Indiana; Clifford R. Hope, Kansas; Edith Nourse Rogers, Massachusetts; Roy O. Woodruff, Michigan; August H. Andersen, Minnesota; Louis E. Miller, Missouri; Daniel A. Reed, New York; Francis P. Bolton, Ohio; Carroll Reece, Tennessee.

Party officials:

Representative J. William Ditter, of Pennsylvania, Chairman, National Republican Congressional Committee; John G. Townsend, Jr., Chairman, National Republican Senatorial Committee, and the following members of the Republican National Committee: Clarence B. Kelland, Arizona; Henry Leonard, Colorado; Mrs. Bertha Bauer, Illinois; Mrs. Dudey C. Hay, Michigan; Dan Whetstone, Montana, and H. Alexander Smith, New Jersey.

Ayres Sees Corporate Earnings Continue To Be High In Second Half

The prospect that the volume of war production will remain high during the coming six months, carrying with it the probability that corporate earnings will continue to be large even after taxes, is forecast by Brig. Gen. Leonard P. Ayres, Vice-President of the Cleveland Trust Co., in the bank's current bulletin released June 15.

The bulletin states, in part:

"As the first half of 1943 draws towards its close the business patterns of the second half can in some measure be foreseen. It is clear that the volumes of war production will continue to increase during the coming six months because our needs for initial equipment are still far from satisfied. Our labor force is already almost fully employed, and it is being steadily depleted by the drawing off of millions of men and tens of thousands of women who enter the armed forces.

"It is inevitable that as a result of these changes we shall experience month by month progressive shortages of manpower and womanpower in almost every sort of civilian occupation. The prospect that the volume of industrial production will remain at high and advancing levels carries with it the probability that corporate earnings will continue to be large even after taxes. This likelihood suggests in turn the improbability that there will be drastic or protracted declines in the security markets. We have now had a good deal of experience with the renegotiation of war contracts, and that procedure does not appear likely to impair too seriously the earning power of industrial concerns.

"As the volume of industrial production increases, and as the numerical strength of our armed forces steadily mounts, still greater traffic loads will be placed on our facilities for land transportation, and especially on our railroads. These demands for the carrying of ever-increasing numbers of passengers and volumes of freight may prove so great as to result in a condition of traffic saturation, and if that happens there will have to be instituted new systems of transportation rationing or priorities. A good many of our railroads are already uncomfortably close to the limits of their carrying capacities.

"We have every reason to expect that the levels of both wholesale and retail prices will continue to advance, but the increases will probably be at rates similar to those of the first half year, rather than becoming greatly accelerated. Probably our most threatening domestic prospect is that we shall have short crops because of unfavorable weather conditions. We have had six consecutive years of bountiful harvests, and those of 1942 were of record-breaking proportions. It is already clear that we are not going to be equally fortunate in 1943. Agriculturally, we are off to a bad start."

Death Benefits Paid By British Life Companies Again Showed Decline In 1942

Death benefits paid by British life insurance companies in 1942, the third full year of the war, decreased for the second consecutive year, the Institute of Life Insurance reports on the basis of tabulation of statements of companies doing 60% of the business. These show that, in spite of claim payments on war deaths in the armed services and among the civilian population, the 1942 total of death benefit payments was 7% less than in 1941, 9% less than in 1940 and only 3% greater than in 1939.

"Covering as it does three full years of war, the British experience is of special interest to Americans because it serves as a guide to the impact of war on life insurance," the Institute points out.

Total payments of death benefits, policy maturities and surrender values during 1942 by these reporting British companies were 1% under the previous year, 9% under the 1940 total. They were 6% under the 1939 figure, the sharp reduction in surrender value payments more than offsetting the increase in death benefits since 1939. Payments of surrender values in 1942 were 22% smaller than in 1941, 52% under 1940 and 63% under 1939, reflecting the greatly increased number of families holding firmly to their life insurance programs and the strengthened condition of family finances.

The primary avenue of war aid by life insurance, the investing of reserve funds in Government bonds, was still further expanded by these British companies during the past year. At year-end, several of them had increased their Government bond holdings to more than 40% of total assets.

"Maintenance of benefit payments and financing aid demonstrates two fundamental contributions of the life insurance business," the Institute report continued, "first, that the Institution offers a vital stabilizing force on the national war economy, and, second, that it carries on through wars as through other crises, without its fundamental strength and soundness being affected."

Total life insurance premium income of the reporting companies increased 5% last year, was 8% over 1940 and 9% over the 1939 total.

Total reserve funds held for future use under policy contracts increased 4% during 1942. These funds have increased each year since 1939.

There was a continued drain on personnel during the past year; companies reporting indicated that from 30% to 40% of their pre-war personnel are now in war service.

Peacetime Problems Of The Aviation Industry

(Continued from first page)

the part of the public that airplanes are of value only as instruments of destruction. It will be necessary for each manufacturer to go out and get his own business. There can be no sitting back.

1. **The Military.** It is my personal hope that post-war treaties will provide for the maintenance of an international aerial police force. This might well consist of 30,000 airplanes which would call for replacement at about 6,000 per year.

There should be maintained, in addition to this international organization, the United States' own research, training and combat forces so that (a) the country will not be caught unprepared again and (b) we constantly will develop pilots, new types of planes and equipment.

2. **Commercial Transport.** This field consists of domestic and international operations. We entered the war with only 360 transports on the domestic airlines, which are now operating with about half that number. Indications from recent aplications for domestic air routes are that pre-war numbers will be multiplied many times.

International transport operations cannot at this time be estimated. Much depends on the terms of the peace. My belief is that we should have international aerial transport by privately owned and operated concerns, not by governments.

3. The **Private Airplane.** The light plane has become highly efficient. The Stinson, now produced by us was one of the outstanding pre-war planes. We have facilities at four of our eleven divisions for production of light planes. We are also working on a helicopter. We must not become unduly optimistic about sales, however, as the automobile is still a necessity. Would-be airplane owners will buy automobiles first, airplanes second.

4. **Business Field.** The high speed personal airplane has been used for years by business executives. However, increased speed of airliners operating over more routes, may cut down this field, rather than causing it to expand. The use of cargo airplanes by large businesses also is problematical.

All aviation executives know that there will be a recession in the industry after the war, resulting from an adjustment from peak demand during the war emergency to peace time requirements. We are all preparing for this. Our promotional and educational campaigns will have great bearing on the extent of the recession.

However, much depends on national regulation under the Lea bill which, if it is passed, will amend and modify the present Civil Aeronautics Act most beneficially; an intelligent application of the principle of renegotiation allowing airframe companies to build up post-war reserves; the willingness of states to allow the Federal government to handle air transport as a national problem; labor conditions, and the manner in which air transport problems are handled at the peace table.

At the end of this war we will have plenty of pilots and mechanics to fly and service our airplanes. We will have extensive world-wide airways and bases, communications and meteorological systems; instrumentation will make us virtually independent of weather conditions. We will be designing and producing economically.

Peoples Light & Power Has Attractive Possibilities

Peoples Light & Power Co. $3 cumulative preferred stock offers an attractive situation for investment at current levels, according to an interesting circular being distributed by Doyle, O'Connor & Co., 135 South La Salle St., Chicago, Ill. Copies of this circular discussing the situation in some detail may be had from the firm upon request.

Local Notes From Kentucky

The current issue of "Local Notes," prepared by the Bankers Bond Co., Inc., Kentucky Home Life Building, Louisville, Ky., contains a most interesting article on the Kentucky State Planning Board by Thomas Graham, and another by Marshall D. Ketchum, Associate Professor of Economics, University of Kentucky, entitled "The Relation of Investment Capital to Industrial Development." Copies may be had upon request from the Bankers Bond Co.

Helicopter Air Bus Service Planned

(Continued from page 2262)

the application that they are engaged in highway motor coach operation from coast to coast and that they carry more than 120,000,000 passengers a year. They have terminal facilities and maintenance equipment that could readily be adapted to use by the type of aircraft being considered and, in addition, a national organization of personnel thoroughly experienced in transportation problems. Their agencies for the promotion of travel, for the sale of tickets and for the service of passengers number approximately 5,000.

Because of these facilities, the Greyhound Lines state that if the application is granted they can expect to provide air transportation for thousands of communities and millions of people now lacking this service at capital expenditures and operating costs incomparably less than would be necessary if undertaken by any other existing or newly established passenger carrier.

At present the organization is operating nearly 4,000 buses engaged in intercity highway transportation and their routes are over 63,000 miles of highways. These buses travel in excess of 830,000 miles a day. The firm's steady financial progress over the past decade was marked by a gross revenue of $121,978,858 in 1942. More than 20,000 employees and ticket agents are engaged in its continental operations.

"Since the inauguration of the Air Bus Service depends upon the availability of equipment," said C. E. Wickman, Greyhound president, "in all probability this will be a postwar project. However, there is a possibility that several helicopters of the type we require may be made available for experimental use in the near future. If these aircraft can be obtained, authority is being sought to put them into service on routes between Detroit and Flint and intermediate points between Detroit, Cincinnati and Louisville."

Post-War Prospects Of The Oil Industry

(Continued from page 2263)

tirely to the lack of compensatory prices for its products. The risk and increased cost of the exploratory drilling which is necessary to produce adequate reserves has not been met by the prices which have been imposed by governmental mandate. No system of government subsidies can be devised which will serve the purpose and avert the shortage and the ultimate higher cost which could be avoided by the removal of the present inhibitions put upon the operation of natural laws through inadequate prices.

Developments In Assoc. Gas & Elec. Reorganization

A summary of the latest developments in the reorganization of Associated Gas & Electric and an outline of the new plan filed with the SEC is contained in a memorandum just issued by G. A. Saxton & Co., Inc., 70 Pine St., New York City. Copies of this memorandum and other information on Associated Gas & Electric may be had upon request from G. A. Saxton & Co.

Situations of Interest

Federal Machine & Welder Co. and Purolator Products, Inc., offer attractive possibilities, according to Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Interesting basic reports upon these companies may be had from Reynolds & Co. upon request.

Real Estate Securities

MAYFAIR HOUSE HOTEL

Current Increase In Gross Income Should More Than Overcome Heretofore Objectionable Feature Of Poor Earnings

The first mortgage bonds of this hotel are currently selling at a much higher yield than many similar bonds. Present yield obtainable is over 9%. The apparent reason for the low price of these bonds is past earnings. The annual statement for the fiscal year ended June 30, 1942, showed interest earned (before depreciation) $2.50 per $100 bond, compared with $3.39 for the same period in 1941 and $2.61 in 1940. Minimum fixed interest requirement is $3.00.

Current earnings are considerably higher. As an example, gross income for the month of December, 1942, was $7,438.66 in excess of December, 1941, and gross income for the month of January, 1943, was $10,300 in excess of January, 1942. If this latter ratio can be maintained, it would mean a considerable annual increase in gross income. Usually, however, income during the Summer months is lower than that of the Winter months in most New York City hotels.

This remarkable increase in earnings, if continued, should materially aid the bondholders. While interest is fixed at 3% on these bonds, an additional 2% is payable each August 1 to bondholders, if earned. There is also a provision to pay the bondholders 25% of the net profit of the ownership corporation in addition to the above fixed and additional interest. A sinking fund to retire bonds is also provided for, which requires that 50% of the net earnings of the corporation, after the above interest requirements, shall be used to retire bonds by purchase in the open market or by tender.

The actual deficiency of net income for the fiscal year ended June 30, 1942, after payment of fixed interest of 3% was only $13,888.07. However, one item charged to expense was amortization of heating equipment, amounting to $4,117.40. The original cost of $20,935.68 for this equipment has now been amortized down to $3,474.64, so that after the current year this expense should be non-reocurrent.

The bonds are secured by a first mortgage on land owned in fee located at the southwest corner of 65th Street and Park Avenue, New York City, fronting 75 feet on Park Avenue and 160 feet on 65th Street; improved with a 15-story apartment hotel. The plot contains approximately 15,588 square feet and the building 144 apartments (408 rentable rooms). Bonds outstanding are $2,574,500, compared with $2,600,000. The property was assessed at $1,985,000 in 1942. The hotel is considered among the most fashionable in New York.

The bonds were issued pursuant to a plan of reorganization under 77B on July 1, 1935. The bonds are due July 1, 1950. Interest requirements during the first five years after reorganization were different than current 3% rate. For the first two years it was 1% fixed and 4% non-cumulative; for the next three years it was 1% fixed, 2% cumulative and 2% if earned. A further requirement was that at least $100 had to be paid as interest per $1,000 bond during the first five years. The present interest rate began July 1, 1940, and has been paid promptly when due.

Bond Club Of N. J. Elects New Officers

NEWARK, N. J.—At the annual meeting of the Bond Club of New Jersey the following officers were elected:

President, Ludlow Van Deventer of Van Deventer Brothers, Inc.; Vice President, Wilbert H. Campbell of Campbell & Co.; Secretary, James B. Kirk of Harris, Upham & Co.; Treasurer, J. William Roos of MacBride, Miller & Co.

Ten former presidents of the club and six charter members were among those attending the meeting. Twenty former members are now with the armed services.

Chicago North Westerns Situation Of Interest

The Chicago North Western income 4½s of 1999 "when issued" offer an interesting situation, according to a circular now being distributed by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be obtained upon request from the firm.

TRADING MARKETS IN
REAL ESTATE
SECURITIES
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SHASKAN & CO.
Members New York Stock Exchange
40 EXCHANGE PL., N.Y. DIGBY 4-4950
Bell Teletype NY 1-953

Active Markets
N.Y. Title & Mtge. BK C2 F1
Prudence Collaterals Series A-18
and all other
TITLE CO. CERTIFICATES & MTGS.
SIEGEL & CO.
39 Broadway, N. Y. Digby 4-2370
Bell System Teletype 1-1942

New York Title
Series C-2
1st Mtge. Liquidating Ctfs.
Ratio of Liquidations
to December 31, 1942,
80% of Asset Cost
MARKET: 37½-38½
Descriptive Circular
sent upon request
SELIGMAN
LUBETKIN & Co.
Incorporated
41 Broad St. New York
HAnover 2-2100

DIVIDEND NOTICES

American Woolen COMPANY

INCORPORATED

225 FOURTH AVE., NEW YORK, N.Y.

At a meeting of the Board of Directors of the American Woolen Company held today, a dividend on the Preferred Stock of $2.00 a share on account of arrears was declared, payable July 10, 1943 to stockholders of record June 28, 1943. Transfer books will not close. Checks will be mailed.

F. S. CONNETT,
Treasurer

June 16, 1943.

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a.c.f.

AMERICAN CAR AND FOUNDRY COMPANY

30 CHURCH STREET
NEW YORK, N. Y.

There has been declared, out of the earnings of the fiscal year ended April 30, 1943, a dividend of one and three-quarters per cent (1¾%) on the preferred capital stock of this Company, payable July 1, 1943 to the holders of record of said stock at the close of business June 25, 1943.

Transfer books will not be closed. Checks will be mailed by Guaranty Trust Company of New York.

CHARLES J. HARDY, *President*
HOWARD C. WICK, *Secretary*

June 15, 1943

DIVIDEND ARMOUR AND COMPANY

OF DELAWARE

On June 4, a quarterly dividend of one and three-fourths per cent (1¾%) per share on the Preferred Capital Stock of the above corporation was declared by the Board of Directors, payable July 1, 1943, to stockholders of record on the books of the Company at the close of business on June 23, 1943.

E. L. LALUMIER, Secretary

THE GARLOCK PACKING COMPANY

June 15, 1943

COMMON DIVIDEND No. 268

At a regular meeting of the Board of Directors, held in Rochester, N. Y., this day, a dividend of 50¢ per share was declared on the common stock of the Company, payable June 30, 1943, to stockholders of record at the close of business June 19, 1943.

R. M. WAPLES, *Secretary*

LOEW'S INCORPORATED

"THEATRES EVERYWHERE"

June 10, 1943

THE Board of Directors on June 9, 1943 declared a dividend at the rate of 50c and 50c extra per share on the outstanding Common Stock of this Company, payable on the 30th day of June, 1943 to stockholders of record at the close of business on the 22nd day of June, 1943. Checks will be mailed.

DAVID BERNSTEIN,
Vice President & Treasurer

UNDERWOOD ELLIOTT FISHER COMPANY

The Board of Directors at a meeting held June 10, 1943, declared a dividend for the second quarter of the year 1943 of 50c a share on the Common Stock of Underwood Elliott Fisher Company, payable June 30, 1943, to stockholders of record at the close of business June 21, 1943.

Transfer books will not be closed.

C. S. DUNCAN, *Treasurer*

UNITED FRUIT COMPANY

DIVIDEND NO. 176

A dividend of fifty cents per share on the captal stock of this Company has been declared payable July 15, 1943 to stockholders of record at the close of business June 24, 1943.

LIONEL W. UDELL, *Treasurer.*

Western Union Telegraph Co.

DIVIDEND NO. 265

A dividend of 50 cents a share on the capital stock of this company has been declared, payable July 15, 1943, to stockholders of record at the close of business on June 18, 1943.

G. K. HUNTINGTON, Treasurer.

June 8, 1943.

Nat'l Stamping Attractive

Mercier, McDowell & Dolphyn, Buhl Building, Detroit, Mich., members of the Detroit Stock Exchange, have late information on National Stamping Co. common, which they will be glad to supply on request.

'43 War Production Program Set At $106 Billion

WPB Report Cites Impact On Civilian Economy

The United States over-all war program set early this year amounted to $106,000,000,000—80% more than the $59,000,000,000 total for 1942, according to a statement made in a formal report on war production progress for 1942 and 1943 prospects made to President Roosevelt by Donald M. Nelson, Chairman of the War Production Board, and summarized June 12 in a report by the Office of War Information. The two figures cover the total war program—including munitions, construction, and non-munitions such as pay, subsistence and other items.

In his letter of transmittal to the President, Mr. Nelson said: "The record certainly makes it clear that the American industrial system can be justifiably proud of an astonishing display of economic muscle.

"In the main, the productive achievement of the American war economy in 1942 met the requirements of our war strategy; and the prospects for 1943 are for a quantity and quality of production that will realize to the full the tremendous potential of American industry.

"We have met with some disappointments and have made some errors in achieving the results. The important point, in my judgment, is that an unprecedented and, on the whole, a balanced output was achieved.

"Today, we are turning out nearly as much material for war, measured in dollar value, as we ever produced for our peacetime needs—and we have enough industrial power left over to keep civilian standards of living at a level higher than many of us dared hope for.

"This record could not have been achieved in so short a time had we not taken some short cuts, made some compromises, and assumed some risks.

"I am personally confident that in the months ahead the productive record of American labor, management, agriculture and Government, working together, will fully meet the demands of the armed services in pressing home the attack on every front."

The report itself (secret, for security reasons) stresses the fact that "the task posed for the industrial system by the 1943 military production program is most formidable."

Among difficulties are the continued tightness of many materials, increasing manpower problems, and, in general, the fuller impact of the production program on the civilian economy. The report also mentions the growing need to give thought to post-war considerations.

The OWI summary follows, in part:

Review of 1942

The 1942 total war program of $59,000,000,000 equalled three and a half times the 1941 figure of $16,500,000,000 and almost twenty times the second half 1940 total of $3,000,000,000. These figures are based for the most part on constant standard prices, which adequately reflect the actual differences in program figures.

During 1942 the sharpest monthly increase occurred in April—20% above March. March and June witnessed the next largest monthly increases, 16% each. The rate of increase tapered off sharply after the second quarter of 1942; in September and October the rate of increase was only 4 and 3%, respectively; in November 7% and in December 8%.

During 1942 munitions (weapons and all other military equipment) formed 55% of the total war program. Construction (publicly financed) formed 24% of the total, as contrasted with 21% in the last half of 1940 and 29% in 1941. The proportion of construction to the total reached a peak in the second half of 1942, and has been falling off sharply since that time as our war plants approached completion.

Munitions in 1942

The output of munitions in 1942 was $32,500,000,000, a dramatic increase over the $8,400,000,000 recorded in 1941 and the $1,800,000,000 in the second half of 1940. The principal components of the 1942 total were aircraft, ships, ground ordnance and miscellaneous (military automobiles, clothing, and other equipment).

The value of aircraft and related munitions increased from $2,200,000,000 in 1941 and $9,200,000,000 in 1942. A total of 47,694 airplanes was built during 1942 as contrasted with 19,403 during 1941. The attempt to fulfill the original 1942 program for military planes—the early objective called for 60,000—ran into difficulties. Shortages developed in machine tools and several critical parts and accessories. Some fabricated materials — types of aluminum products and alloy-steel forgings, for example, were bottlenecks, and there were some shortages of skilled workers.

The ouput of Navy, Army and merchant vessels, including naval ordnance and other naval equipment, increased at about the same rate as aircraft, the sharpest rise being in the production of merchant vessels. A total of 8,027,000 deadweight tons of merchant vessels of all types was built during 1942, as contrasted with 1,166,000 in 1941. Dry cargo ships (about 600 Liberty ships were delivered) comprised the great bulk of this total; about 1,000,000 deadweight tons of tankers were produced.

The 1942 figure for completion of new naval vessels, exclusive of conversions, was about 900,000 standard displacement tons, almost three times as much as was delivered during the preceding 18 months. Combat vessels constituted about a half of this tonnage, while landing craft (the output of which jumped sharply in the middle of the year) made up the largest segment of the balance.

The combined output of battleships, cruisers, destroyers and submarines surpassed that of any previous year in our history. . . .

Actual vs. Scheduled 1942 Output

In addition to constant shifts of emphasis within the program, dictated by changing war needs, total objectives (in the field of munitions and war construction only) for 1942 were revised downwards during the year. Originally aggregating about $68,000,000,000, they were lowered to $51,000,000,000. For, impressive as the foregoing production record is, actual war production in most categories fell short of scheduled production throughout most of 1942, and increasingly so as the year advanced. For example, during the first quarter of the year actual production of two-engine medium bombers was 137 per cent. of the forecast for the first quarter made on January 1; the corresponding percentage for the second quarter was 95; for the third 84; and for the fourth 72. However, the actual production increased almost constantly. The same was true of many other items. There are several explanations for this:

1. The objectives were too high.
2. As critical resources became scarcer, schedules were boosted in order to strengthen the claim of the competing services on such resources.
3. The co-ordination of the country's resources in an attempt to meet these schedules was insufficiently rigorous.
4. The schedules were not subjected to a centralized review and control. This decentralization existed not only among, but also within, agencies.

Had schedules been prepared realistically, it would have been obvious early in 1942 that the objectives were out of line with resources and the goals could have been brought down to the limits of feasibility, thereby requiring early in the year a complete review of the entire program. . . .

Prospects for 1943

The miltary program for 1943, including pay, subsistence and other non-munitions, was set at $106,000,000,000 as compared with $59,000,000,000 for 1942. This 80% increase is not as great as the relative rise in the program from 1941 to 1942, which amounted to over 250%; but the absolute increase scheduled is greater—$47,000,000,000 from 1942 to 1943 as compared with $42,000,000,000 from 1941 to 1942—although the available supply of manpower and materials is tighter than it was at the beginning of last year. Furthermore, the rates of increase in the program had a natural tendency to decline during 1942 as total production went up. Everything clearly suggests that the task posed for the industrial system by the 1943 military production program is most formidable.

Munitions and Construction in 1943

Of the $106,000,000,000 total, the munitions and construction portion of the 1943 program, as it stood at the beginning of the year, amounted to $84,000,000,000, again an 80% increase over comparable 1942 output.

Of this, in turn, the volume of construction projected, while still fairly large—over $11,000,000,000—forms a much smaller proportion of the total than in 1942; 13% as compared with 30%—an obvious reflection of the fact that the preparatory phases of the war production program—the tooling up for munitions output and the construction of bases, barracks, hospitals, etc., for the training and maintenance of armed forces—are already substantially completed.

The situation for munitions alone is quite different. Their programmed value for 1943, $72,300,000,000, represents an increase of nearly 125% over output in 1942. And for significant and large categories of munitions the relative rise called for in 1943 over 1942 is much larger. . . .

Materials in 1943

On the basis of programs envisaged in December, 1942, the needs of military production during 1943 calls for substantially greater quantities of almost all critical materials than in 1942. Direct military requirements for steel are up 31%. Aluminum, mainly for airplane manufacture, and nitrogen, for explosive production, are up over 100%. Phenol and toluene, also essential for the production of explosives, are likewise up over 100%. Magnesium is up considerably over 200%. . . .

On the basis of programs and expectations as formulated in December, 1942, the balance between supply and requirements for most critical materials should apparently improve somewhat during 1943 as increased supplies become available, but there are many uncertainties that may well affect hoped-for importation and production materials.

The scarcity of vital materials will remain a critical limiting factor on war production during 1943. The tightness of steel, copper and aluminum, especially, necessitates prompt and decisive shifts if we are to avoid cut-backs in projected programs, attain balanced output, keep stocks at a level adequate to insure continued production, and prevent impairment of essential supporting services. . . .

Impact on Civilian Consumption in 1943

In 1942 the economy barely maintained the level of civilian consumption while absorbing a great increase in war production and a great drain of manpower to the armed forces. The present indication is that it cannot repeat its performance in 1943. The expansion of output to be absorbed is greater and the unused resources of the economy are now far smaller than they were at the beginning of 1942. Labor shortages in 1943 will cut into the volume of services that consumers can obtain.

Some forecasts have indicated that the supply of goods and services available to civilians in 1943 is likely to be between 10 and 15% lower than in 1942. In the fourth quarter of 1943 civilian supply, restricted by mounting military demands, may by some estimates, be as much as 20% below the level of the same quarter of 1942.

Indications at the beginning of 1943 were that consumption per capita would fall 23% between 1942 and the second half of 1943 for clothing and textile products; household fuels, 20%; furniture, 40%; transportation, 12%, and medical care, due to extensive plans for the induction of physicians and nurses into the Army, 7%.

Serious as are these declines, however, per capita consumption will in most areas remain at a level higher than in 1939. Consumers' durable goods and clothing consumption are the most significant exceptions. There are a few items, however, that will be scarce even by comparison with minimum requirements. One is household fuels; another is transportation both by private automobile and by common carrier. A third shortage, of high importance, is in medical care.

Unlike the United Kingdom, where standards of living have by now been pushed far below prewar levels, the United States has thus far enjoyed higher standards than before the war, and we shall only reach prewar levels during this year. It should be kept in mind, however, that there will be unavoidable inequalities in the reductions of various commodities and services among various population groups and areas—inequalities which will aggravate the burden on consumers. . . .

The Civilian Economy

In the realm of our civilian economy, problems and policies may be summed up in several main points:

1. Eliminate civilian manufacturing and as much wholesaling as possible from critical labor shortage areas.
2. Increase productivity of retail trades and service industries, especially in localities where labor is short.
3. Curtail less essential goods and services and simplify and standardize the more essential.
4. Protect the consumers' minimum requirements in every important field.
5. Give the public a better understanding of the war production problem.

To Form Farrell & Co.

Farrell & Co., members of the New York Stock Exchange, will be formed as of today to engage in a securities business from offices at 52 Wall Street. Partners will be John J. Farrell, member of the New York Stock Exchange, and Thomas M. Farrell, general partners, and Marguerite M. Kimm, limited partner.

Lockwood Peck To Admit

BALTIMORE, MD.—Edward B. Freeman will become a partner in Lockwood, Peck & Co., members of the New York and Baltimore Stock Exchanges, as of July 1. Mr. Freeman will make his headquarters at the firm's Baltimore office, Keyser Building.

Royal Bank of Scotland
Incorporated by Royal Charter 1727

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Branches throughout Scotland

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3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital -------- £8,780,000
Reserve Fund ---------- 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000

Aggregate Assets 30th Sept., 1941 ---------£150,939,354

SIR ALFRED DAVIDSON, K.B.E., General Manager

Head Office: George Street, SYDNEY

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Commercial Register No. 1 Cairo

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Branches in all the principal Towns in
EGYPT and the SUDAN

Atlas Plywood Interesting

Van Alstyne, Noel & Co., 52 Wall Street, New York City, members of the New York Stock and Curb Exchanges, have issued a printed letter and chart on Atlas Plywood Corp., the country's largest manufacturer of plywood packing cases. Copies of this interesting circular may be had upon request from Van Alstyne, Noel & Co.

Seabo'd Report Soon Ready

A special report on the significance of Special Master Taylor's plan for Seaboard Air Line is now being prepared by L. H. Rothchild & Co., 120 Broadway, New York City, and will be ready for distribution next week. Copies may be had upon request from L. H. Rothchild & Co.

Cgo. Stock Exchange Standing Committees

At the annual organization meeting of the Board of Governors of the Chicago Stock Exchange held on June 9, Harry M. Payne, Chairman of the Board, appointed the following standing committees to serve for the ensuing year, which were confirmed by the Board:

Executive: Homer P. Hargrave, Chairman; F. Fletcher Garlock, Vice Chairman; Charles R. Perrigo; Reuben Thorson; Alfred E. Turner.

Admissions: Ralph Chapman, Chairman; George E. Barnes, Vice Chairman; John W. Billings; Joseph E. Dempsey; John C. Stewart.

Finance: James A. Cathcart, Chairman; John C. Stewart, Vice Chairman; Clarence J. Bridgen; Elmer A. Kurzka; Barrett Wendell.

Floor Procedure: Lyman Barr, Chairman; Joseph P. Brown, Vice Chairman; John R. Burdick, Jr.; August I. Jablonski; Sampson Rogers, Jr.; Frederick J. Stannard; Edwin T. Wood.

Judiciary: D. Dean McCormick, Chairman; Roy E. Bard, Vice Chairman; John J. Bryant, Jr.; Walter J. Buhler; Morton D. Cahn.

New Business and Public Relations: Joseph E. Dempsey, Chairman; Emmet G. Barker, Vice Chairman; Elmer A. Kurzka; Frank E. McDonald; Harry E. Newman.

Mr. Payne also announced the reappointment of the four present Advisors: Messrs. Sheldon Clark, Charles Y. Freeman, Edward B. Hall and Bentley G. McCloud.

Kenneth L. Smith was reelected President for his fifth consecutive term, Lt. Sidney L. Parry, on leave of absence, serving with the United States Naval Reserve and Raymond M. Day were reappointed Vice-Presidents, Walter R. Hawes was renamed Treasurer, Carl E. Ogren, Secretary, Martin E. Nelson, Treasurer Emeritus, and Loretta Kemp, Assistant Treasurer.

Jess Halsted, of Scott, MacLeish & Falk, was reappointed Counsel.

Mr. Hargrave, the new Chairman of the Executive Committee, is a native of Indiana and graduated from both Central Normal College in Danville and Indiana University in Bloomington. With the exception of a short period of employment with William H. Colvin & Co., he has been associated with the firm of Merrill Lynch, Pierce, Fenner & Beane and their predecessors for his entire business career on LaSalle Street. He is now a resident partner of the firm.

The election of Mr. Payne as Chairman of the Board was noted in these columns of June 10, page 2167.

Timothy Grace Joins F. J. Brophy & Co.

CHICAGO, ILL. — Timothy J. Grace has become associated with F. J. Brophy & Company, 231 South La Salle Street, dealers in municipal bonds. Mr. Grace recently was with A. C. Allyn & Company. Prior thereto he was Vice-President of A. S. Huyck & Co. in charge of the Municipal Buying Department.

"St. Paul's" vs. "MOPS"

A most interesting comparative study of the relative merits of "St. Pauls" and "MOPS" has been compiled by W. Wendell Reuss, partner in McLaughlin, Baird & Reuss, One Wall St., New York City, members of the New York Stock Exchange. Copies of the study, giving the author's reasons for his present preference for "MOP" securities may be had upon request from McLaughlin, Baird & Reuss.

Philadelphia Bank Stocks
Central-Penn National Bank
Fidelity-Phila. Trust Co.
Girard Trust Co.
Penna. Co. for Ins. on Lives etc.
Philadelphia National Bank
Phila. Transportation Co.
3-6s 2039, Pfd. & Common

H. N. NASH & CO.
1421 Chestnut Street, Philadelphia
Phila. Phone Locust 1477
New York Phone HAnover 2-2280
Teletype PH 257

Floyd D. Cerf Co. Offers York Corrugating Com.

CHICAGO — Floyd D. Cerf, Chicago made a public offering June 15 at $6.50 per share of 50,000 shares of $1 par common stock of the York Corrugating Co., York, Pa., a leading manufacturer of metal products established in 1902. A nation-wide group of investment dealers is participating in the financing which largely results from the sale of the stock from an estate.

About 95% of the company's manufacturing facilities are now devoted to war production although the items being produced are substantially the same as manufactured in peace time for practically the same customers. Some of the items being manufactured are engine hoods, cab doors, fenders for army trucks, machine gun tracks for armored trucks, ammunition boxes, field ovens and gun carriages for Army and Navy ordnance.

The company in normal times manufacturers a variety of metal products for the automotive, building and air conditioning industries. Among its several thousand customers, are General Motors, Mack Truck, and York Ice Machinery Co.

Company's capitalization consists solely of 300,000 shares of common stock of which 190,906 shares are outstanding. The common stock paid dividends in the past three years at the rate of 60c annually. Company's net sales for the year ended Dec. 31, 1942 were $3,510,858. After Federal income and excess profits taxes of $495,361, net profits were $197,121. On Dec. 31 last, current assets stood at $1,597,536 as against current liabilities of $667,678. Cash and government bonds amounted to $733,567 which was more than all liabilities including reserves for taxes.

N. Y. Analysts To Meet

The New York Society of Security Analysts, Inc. will be addressed at their regular luncheon meeting on June 18 by B. B. Adams of Adams & Peck on the implications of recent leased line developments in Delaware, Lackawanna & Western.

The Bonds and Investments Group forum scheduled for June 21 will be omitted.

On June 23, Robert H. O'Brien of the Securities and Exchange Commission will address the Society's general meeting.

All meetings will be held at 56 Broad Street, at 12:30 p. m.

F. H. Peper To Manage Ingalls-Snyder Dept.

Franklyn H. Peper, formerly of the firm of F. H. Peper & Co., has joined the New York Stock Exchange firm of Ingalls & Snyder, 100 Broadway, New York City, as manager of their customers investment department. Mr. Peper was previously associated with Ingalls & Snyder from 1925 to 1927.

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Bell Teletype—NY 1-1248-49
L. A. Gibbs, Manager Trading Department)

Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

The trend of bank earnings is up, and current dividends, in most cases, are being covered by quite general margins. Despite this there seems little likelihood of any increase in dividend payments, at least for the duration. One reason is that the banks are being urged by Washington to build up their capital funds because of the great expansion in deposits, and a second reason is that dividend increases are deemed politically unwise at this time. Mr. Leon Fraser, President of First National Bank of New York, at the bank's annual meeting in January, 1943, stated that "the bankers of America could make no greater mistake at this time than to increase dividend payments." Similarly, Mr. Sloan Colt, of Bankers Trust, in response to a question by a shareholder, said that the dividend policy of the bank had always been conservative and the object of the directors was to build up the capital assets of the bank as the deposits increased, and that therefore he did not believe they would restore the old and higher rate of dividend. At Guaranty Trust's annual meeting Mr. Conway, Chairman of the Board, expressed similar views in response to a stockholder's inquiry.

In view of the improbability of dividend increases, therefore, it is of interest to review current dividend yields of leading bank stocks, while bearing in mind, also, that these dividend rates may probably be considered as secure. The following tabulation gives this data, and also the ratio of market to book value.

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New York Banks—	Annual Dividend	Asked Price	Yield	Book Value	Market to Book Value
Bank of Manhattan	$0.90	$21	4.3%	$24.38	0.86%
Bank of New York	14.00	368	3.8	350.63	1.05
Bankers Trust	1.40	48¾	2.9	46.48	1.05
Brooklyn Trust	4.00	81	4.9	174.47	0.46
Central Hanover	4.00	99¼	4.0	96.12	1.03
Chase National	1.40	38	3.7	33.77	1.13
Chemical Bank	1.80	47½	3.8	40.40	1.18
Commercial National	8.00	201	4.0	236.87	0.85
Continental National	0.80	18	4.4	22.13	0.81
Corn Exchange	2.40	47	5.1	48.38	0.97
Empire Trust	3.00	66½	4.5	90.91	0.73
First National	80.00	1,495	5.4	1,217.58	1.23
Guaranty Trust	12.00	299	4.0	314.94	0.95
Irving Trust	0.60	14½	4.1	21.02	0.69
Manufacturers Trust	2.00	45¾	4.4	39.80	1.15
National City	1.00	35½	2.8	33.22	1.07
New York Trust	3.50	87	4.0	84.57	1.03
Public National	1.50	33½	4.5	46.82	0.72
United States Trust	70.00	1,275	5.5	1,505.83	0.85
Average			4.2%		0.94%

Other Banks—	Annual Dividend	Asked Price	Yield	Book Value	Market to Book Value
Boston					
First National	$2.00	$49½	4.0%	$42.62	1.16%
National Shawmut	1.00	24½	4.1	38.78	0.63
Philadelphia					
Corn Exchange National	2.00	48	4.2	62.27	0.77
Fidelity-Philadelphia	8.00	176	4.5	299,01	0.59
Girard Trust	2.00	43	4.7	37.92	1.13
Penna. Co.	1.60	35½	4.5	27.22	1.30
Philadelphia National	5.00	106	4.7	68.78	1.54
Chicago					
Cont. Illinois	4.00	96¾	4.1	80.66	1.20
First National	10.00	345	2.9	277.19	1.24
Harris Trust	12.00	347	3.5	327.23	1.06
San Francisco					
Bk. of Am. N. T. & S. A.	2.40	45¾	5.2	30.61	1.49
Average			4.2%		1.10%

The average yield of the 19 New York City bank stocks is 4.2%, and ranges between a low of 2.8% for National City and a high of 5.5% for United States Trust. The average yield of the 11 bank stocks outside of New York City is also 4.2%, and ranges between 2.9% for First National of Chicago and 5.2% for Bank of America National Trust and Savings Association of California. There are some very attractive yields among both groups, especially in consideration of the high investment quality which characterizes most of the above listed stocks.

The market's appraisal of the worth of bank stocks as measured by the ratio of market to book value is irregular in the extreme. Brooklyn Trust, which is a conservative and sound institution, is appraised at less than half its book value, While First National of New York is appraised at 1.23 times. The average market appraisal of the 19 New York banks is 94% of book value. Banks in other cities show similar divergencies; thus Fidelity-Philadelphia is selling at 59% of book value, while Philadelphia National is 1.54 times book value and Bank of America National Trust and Savings is 1.49 times.

Marketwise bank stocks have lagged for some years, which accounts for the attractive yields noted above. From the lows of 1932 until June 9, 1943, the Dow-Jones Industrial Average appreciated 243.3%, whereas Standard & Poor's Index of New York City banks, over the same period, shows an appreciation of only

(Continued on page 2283)

Municipal News & Notes

Redemption on July 1, next, of $10,890,000 of bonds, including a series of $10,000,000 refunding 6s, will reduce the outstanding funded debt of the State of Tennessee to a figure of approximately $96,000,000, the lowest level it has been in about 15 years. The July 1 debt payment will be the largest the State has made since enactment of the 1937 Debt Retirement Act and will result in a reduction in interest charges of $637,812, it was stated recently by W. M. Duncan, State Budget Director.

The forthcoming debt payments will be made out of the sinking fund, leaving a reserve of approximately $11,560,000 for retirement of bonds and interest payments due in the forthcoming fiscal year, it was said. Bonded debt service in the 1944-1945 fiscal year includes $7,280,000 interest charges, of which about $7,000,000 is payable June 1, 1944, according to report.

It is also reported that the State Funding Board will discontinue the policy followed in the past 15 months of diverting virtually all gasoline tax revenues into the sinking fund in order to build up a cushion to meet debt service requirements in the present and next two fiscal years. This practice was adopted on the assumption that gasoline tax revenues would, because of rationing, etc., decline from 30 to 50% below previous levels.

However, the anticipated shrinkage has failed to materialize, and Budget Director Duncan is reported to have stated on June 10 that it was possible that the State could now "ease off" on the gasoline tax diversions and still be able to meet all of its bonded debt obligations of the next two fiscal years. The revenues not diverted will be placed in the highway construction fund.

Local Financial Management Held Unimproved

Although the State Government itself, on the basis of the foregoing report, is being operated along sound lines, this does not seem to hold true with regard to its local subdivisions. Indeed, no less an authority than the Tennessee Taxpayers Association, in its seventh annual report on operation of local governments, just released, is reported to have pointed out that while the cities and counties in Tennessee showed a tendency in 1942 to hold down and pay off public debt, their financial management continued "on the same inefficient and wasteful level as in the past."

The Association, it was said, found "there was no general improvement in the vital function of management," and added, "until this fundamental weakness is corrected, permanent improvement in the financial position of local government in Tennessee is unlikely to be achieved."

The report showed the gross bonded debt of all local units of government was whittled a total of $9,162,959, while the net debt was trimmed $4,768,004.

"This improved situation," the report emphasized, "may be attributed largely to the better tax collections, which were enjoyed by practically all units of government as a result of the increased business activity caused by the war."

The Association found that defaults among local governments virtually ceased to exist in 1942, with only one small town being in default in its general obligations bonds, while seven were defaulting on bonds payable entirely from utility revenues.

The increased revenues, however, rather than more businesslike management, permitted the cities and counties to square off their bonded obligations and operate on a cash basis.

The report declared there was an accumulated "floating debt" totaling $1,526,360 in 11 counties and eight cities in 1942, compared to a floating debt of $10,353,561 in 1935-36, when the Association conducted its first survey of local government units.

The gross general obligation bonded debt of local government in Tennessee in 1941-1942 was placed at $226,495,044, to which may be added a direct debt of the State Government of $94,394,000, or a total local and State debt of $320,889,044, the Association reported. But, it added, this is the lowest local and State debt Tennessee has witnessed in many years, and represents a reduction of $27,106,268 from the high debt peak of 1938-39.

Repudiates Puerto Rico Interest Tax Reports

Harold L. Ickes, Secretary of the Interior, repudiated on June 11 rumors to the effect that a portion of the interest due on Puerto Rican insular municipal bonds July 1, would be withheld by the Puerto Rican government and applied to the payment of an insular tax on it. Mr. Ickes, according to a Washington report, dated June 11, said that Gov. Rexford G. Tugwell of Puerto Rico had advised him that these rumors "are without foundation, and that the Insular Treasurer does not intend to withhold any part of the July interest."

Los Angeles Awards $22,775,000 Revenue Bonds

A nation-wide syndicate headed by the Mellon Securities Corp., Pittsburgh, Drexel & Co., Philadelphia, and Harris Hall & Co., Chicago, was successful bidder for the $22,775,000 City of Los Angeles, Calif., Department of Water and Power electric plant refunding revenue bonds of 1943 offered June 15. The group paid a price of 100.013, a net interest cost of about 1.962%, for the bonds divided as follows: $2,775,000 3½s, due June 1 from 1944 to 1950 inclusive; $3,300,000 1½s, due 1951-1956; $15,660,000 2s, due 1957-1975, and $1,040,000 1½s, maturing in 1976. Two other syndicates competed for the loan, the second high bidder being an account headed by Harriman Ripley & Co., Inc., whose offer figured a net cost of 2.027%. Third tender was entered by Lehman Bros. and Associates and was based on a net interest cost of 2.141%.

Minnesota Planning Municipal Airports

Minnesota, looking ahead to post-war transportation problems, has taken the lead in laying groundwork for development of a State system of municipal airports, the American Municipal Association said in reporting on legislation enacted by the recently adjourned State Legislature.

To prepare for postwar air transportation problems, the legislature:

Broadened the State aeronautics code by incorporating into it the comprehensive airport zoning provisions of the model zoning act prepared by the Civil Aeronautics Commission.

Set up a public corporation, known as the "Metropolitan Airport Commission," to develop airports for Minneapolis and St. Paul. The Legislature appropriated $25,000 to enable the Commission to study existing airports in the Twin Cities and formulate plans for improvement of existing airports and construction of new airports. The Commission must report its findings to the Governor by next Dec. 31.

Included provisions in the Metropolitan Airport Act, which sets up the Airport Commission, extending provisions of the Act to cover the development and control of municipal airports in all parts of the State. The State will contribute $1,000,000, raised from proceeds of taxes levied for the purpose over a 10-year period, for municipal airport development throughout the State.

Gave initial approval to a constitutional amendment, which will be submitted to the voters, authorizing the State to construct, improve, maintain and operate airports and to assist counties, towns, villages and public corporations in carrying on these airport activities. The State Legislature would be able, under the proposed amendment, to issue bonds to help carry out the program and to tax airplane fuels.

The legislation is indicative of the pattern which State and local airport development and control may follow after the war when airport systems may be as important to transportation as highway systems, the Association said.

The Twin Cities Commission is directed by the Legislature to take over operation and control of all airports owned by either city, and it may construct new airports "substantially equidistant" from the two city halls but within 25 miles of them. The corporation also may issue up to $15,000,000 in bonds, with credit of the two cities pledged to their payment.

Significant in connection with the $1,000,000 to be contributed by the State toward municipal airport development, the Association said, is that it may be spent on any public airport in the State. The money will be spent by the Governor, though he must act with advice and consent of a legislative advisory committee.

In spending the money, the Governor must take into consideration "the locations of airports owned by municipalities and their usefulness as part of the State, national or international system of air transportation; benefit of such airports to the people of the State as a whole as distinguished from purely local benefits; possibilities of their use in providing for State and national defense; use being made of them during the present war, and probability of future war use."

Sees Heavy Backlog Of Municipal Financing

The opinion that a "very substantial amount" of security financing will be considered necessary and will be undertaken by States and municipalities in the post-war conversion period was expressed recently by the Municipal Securities Committee of the Investment Bankers Association of America.

The Committee, headed by H. Fred Hagemann, Jr., is undertaking a survey of the probable financing by States and the larger cities in the conversion period, in response to a request made by Jay N. Whipple, Association President. The Committee said it planned to contact or communicate with various State and municipal financial officials, and that at present it was gathering and reviewing other material on the subject.

"Some of the States have and others are presently studying their anticipated post-war problems, financially and otherwise," the Committee said. "Fifteen of them already have passed legislation in anticipation of their probable financial needs at that time. Many of the larger municipalities are also studying their likely post-war local financial requirements and are planning, at least tentatively, regarding them."

The report discussed the bill introduced in the House by Rep. Lyle H. Boren for the purpose of amending the Securities and Exchange Act in such a way as to preclude the imposition of any regulation on tax exempt securities by the SEC. This bill was regarded by the committee as "a highly constructive piece of legislation and one that is needed to assure, insofar as the Securities Exchange Act is concerned, the independence of local governments in their financial affairs."

"The facilities of the states and their local governmental units for raising revenues by borrowing should not be interfered with," the report said.

Free From SEC Control

"These units of our government should be permitted to arrange their own financial affairs and have the markets for their securities free from SEC regulatory direction or control."

The report reviewed efforts of the Treasury Department to submit the income derived from State and municipal bonds to federal income taxes. Referring to steps taken to submit outstanding as well as future issues to taxation rejected by Congress, the report said: "Had Congress complied with the recommendation to impose the tax on outstanding bonds, it would have evidenced government leadership in repudiation. Such action would severely shake public confidence in the good faith of our government and its respect for assurances, pledges, and the sanctity of obligations."

NSTA To Hold Annual Meeting In Chicago

(Continued from page 2263)

Much of the meeting will be taken up by discussions of the important business problems of the Association, and also of the various complex problems of the security industry as a whole.

The War Bond Committee at this meeting will announce in detail its program of assistance by the membership of the Association to the Treasury Department regarding the sale of war bonds. As usual, most interesting municipal and corporate forums will be held. Names of prominent speakers addressing these forums will be announced shortly.

The Committee of Arrangements in charge of the meeting consists of:

Edward H. Welch, Chairman, Sincere and Company; Leo H. Doyle, Doyle O'Connor and Company; Henri Pulver, Goodbody and Company; Lawrence Higgins, Hulburd, Warren & Chandler; Ralph Randall, Mason Moran and Company; Richard Simmons, Lee Higginson Corp.; Thomas Wakely, A. C. Allyn & Co., Inc.

The meeting will be closed as usual by the annual election of officers.

Mr. Brown also announced the Nominating Committee of the N. S. T. A. to submit to the membership for the National election. This Committee consists of:

Ralph G. Randall, Chairman, Mason, Moran & Co., Chicago Firmin Fusz, Fusz-Schmelzle & Co., St. Louis; Edward W. Parsons, Wm. J. Mericka, Cleveland, O.; George V. Jackish, Harris Upham & Co., Minneapolis; Walter J. Connolly Co., Boston.

N. Y. Title and Mtge. Ctfs. Series C-2 Interesting

Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City, have prepared an analysis of series C-2 first mortgage certificates originally issued and guaranteed by New York Title & Mortgage Co.

Copies of this analysis may be had from Seligman, Lubetkin & Co. upon request.

Form Group To Further Sound Finances For Mexican Business

Organization by leading Mexican and United States financiers and industrialists of Financiera Tecnica de Mexico, S. A. to promote sound financing of Mexican enterprise and to furnish technical and mangerial services in the organization and operation of Mexican business has been announced. The company has been formed under a concession granted under the General Law of Banking Institutions and Auxiliary Organizations of Mexico, and has established offices at Venustiano Carranza 53, Despacho 11, Mexico, D. F.

Financiera Tecnica de Mexico, S. A., the announcement stated, is interested in assisting the direction along sound lines of Mexico's industrial development which has been greatly stimulated under the conditions of prosperity created by the war. Its facilities and experience will be available both for the expansion of existing businesses and for the establishment of new enterprises for which the need exists in Mexico today, or which will contribute to building a position for that country in the organization of post-war world trade commensurate with Mexico's natural resources.

While the concession under which the company will operate authorizes a role in finance comparable to that played by private bankers in the development of business in this country, chief emphasis, as contemplated by present plans, will be on providing technical and managerial counsel and services, with the financing function incidental to and integrated with these services.

Those interested in this new enterprise and serving as directors include Julio Lacaud and Carlos Trouyet, partners of J. Lacaud y Cia., investment bankers of Mexico City; Antonio Espinosa de los Monteros, Director General of Nacional Financiera, S. A., Mexico City; and George H. Houston and Hendrik R. Jolles, partners of the firm of Houston & Jolles, consultants in the financing and management of industry, New York City. Mr. Jolles is Managing Director of the company.

J. P. Grimes Is With Kidder, Peabody & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — John P. Grimes has become associated with Kidder, Peabody & Co., 135 South La Salle Street. Mr. Grimes, who has been active in the investment business on La Salle Street for the past sixteen years, recently was with Goldman, Sachs & Co., Fred W. Fairman & Co., and Glore, Forgan & Co.

Cgo. Bank Women Elect

CHICAGO, ILL.,—Officers of the Association of Chicago Bank Women elected for the ensuing year at the annual meeting of the Association held recently are: President, Etheldred S. Taylor, Chicago Title and Trust Company; Vice President, Ann Lawless, Federal Reserve Bank; Secretary, Mary Alice Longland, Terminal National Bank; Treasurer, Marian W. Mills, First National Bank.

Assoc. Elec. Interesting

Associated Electric 4½s and 5s offer an attractive situation for investors according to a memorandum issued by Peltason, Tenenbaum, Inc., Landreth Building, St. Louis, Mo. Copies of this interesting memorandum may be obtained upon request from Peltason, Tenenbaum, Inc. upon request.

President Signs Pay-As-You-Go Tax Bill; Withholding Rules Issued By Treasury

The White House announced on June 10 that President Roosevelt had signed on June 9 the Current Tax Payment Act of 1943, the so-called pay-as-you-go income tax collection system.

(TEXT OF THE NEW LAW APPEARS IN SECTION 2 OF TODAY'S ISSUE; SEE PAGE 2288.)

Under the measure, a new 20% withholding levy will go into effect starting July 1 for the majority of the nation's 44,000,000 taxpayers estimated to have taxable 1943 income. The withholding levy applies to wages and salaries and is affected by dependency deductions.

The new pay-as-you-go law grants a 75% to 100% abatement on either 1942 or 1943 taxes, whichever is lower. The 100% abatement applies only to those whose tax liability is $50 or less. For those whose abatement year tax bill is between $50 and $66.67, a flat $50 abatement is granted, and for those whose abatement year bill is over $66.67, an abatement of 75% is granted.

The remaining 25% must be paid 12½% next March 15 and 12½% March 15, 1945.

The Treasury estimates that only 17,000,000 taxpayers will become fully current this year. The other 27,000,000 will not become fully current until 1945, when they have paid off the 25% portion of their abatement year tax liability that was not "forgiven."

A summary of the major provisions of the new law appeared in our issue of June 10, page 2181.

The Treasury Department on June 10 released its instructions to employers on how to operate under the 20% withholding tax. Accompanying these instructions was a plea by Secretary Morgenthau to help maintain regular sale of war bonds.

"With the beginning of withholding, some of your employees may be inclined to offset their apparent loss of income by reducing their regular subscription to war savings bonds," he said in a letter addressed to "the employers of the United States."

"It is vitally important that every effort be made to maintain or even increase the present rate of war bond purchases. I will appreciate anything you can do to help."

A summary of the employer's duties under the new law follows:

1. Beginning July 1, 1943, employers are required to deduct and withhold a tax upon the wages of their employees. This is a tax of 20% of the excess of each wage payment over the withholding exemption.

   Instead of making an exact computation, employers may elect to withhold specified amounts shown in tables which approximate the 20%.

   It is the joint responsibility of the employer and the employee to see that "employee's withholding exemption certificate" is made out by the employee and filed with the employer sufficiently in advance of July 1.
2. It will be the duty of employers who withheld more than $100 during the month to pay the amounts withheld to a depositary authorized by the Secretary of Treasury.

   These payments are to be made within 10 days after the close of each calendar month.

   Employers may get from any bank the name and address of authorized depositaries.
3. Employers must make quarterly returns to their Collectors of Internal Revenue, showing the aggregate amount of taxes withheld during the quarter.

   Returns must be made on or before the last day of the month following the close of each quarter.

   Each return must be accompanied by the payment of the full amount of the tax. It will be the duty of employers who withheld more than $100 during the month to make the payment of the tax in the following form:

   (1) Depositary receipts for the full amount of the tax withheld, or (2) depositary receipts for the first two months of the quarterly period, together with a direct remittance for the amount withheld during the last month of the quarterly period.
4. With the final return for the calendar year, employers must send to the Collector a reconciliation of "quarterly returns," with "statements" to employees of taxes withheld. Forms are provided.
5. Employers must provide each employee annually with a "statement of income tax withheld on wages."

   This form must be delivered to employees on or before Jan. 31 of the next year. For employment terminating during a calendar year specific instructions are given.
6. Employers may obtain all forms mentioned above from the Collector of Internal Revenue for their district.
7. Employers will discontinue the 5% Victory Tax withholding when the 20% withholding begins.

WPB Group Assails WMC Steel Order

The Steel Industry Advisory Committee of the War Production Board, in a letter to H. G. Batchelior, a director of the WPB's Steel Division, signed by Walter S. Tower, President of the American Iron and Steel Institute, on June 3 declared that the War Manpower Commission's regulation requiring consultation with WMP regional directors and the unions on new employees and the 48-hour week "will have the effect of setting up a vast, unworkable bureaucracy which must inevitably interfere with steel production."

According to Associated Press dispatches from Washington, D. C., Mr. Tower's letter said:

"Specifically, the regulation requires steel companies to get the permission of regional directors of the War Manpower Commission in all cases of exemption from the 48-hour week or in the hiring of all new employees. These regional directors, it is assumed, would consult with the regular established management-labor advisory committees. However, the regulation requires they must consult in each specific case with the union which is the collective bargaining agency in the particular company involved.

"Consider what that means. In order to keep mills operating at current capacity levels the steel industry must hire about 20,000 new workers monthly to provide for the turnover, which is averaging about 4% monthly. This turnover is expected to increase sharply with greater inroads of the draft. Already the industry is having difficulty in finding the thousands of new workers it must have monthly. That difficulty will be multiplied if, indeed, the task is not made impossible by the delays and restrictions that will result from the War Manpower Commission's instructions.

"In fact, it is the committee's considered opinion that this regulation will have the effect of setting up a vast, unworkable bureaucracy which must inevitably seriously interfere with steel production. Its operation is bound to result in confusion, delays and failures in operating schedules to the point that the industry's war effort will be imperiled."

Paul V. McNutt, WMP Chairman, on June 7 challenged the steel industry to show why his instructions to regional WMC directors to consult with labor unions before deciding on exemptions from the 48-hour week ordered in steel would slow up output.

The order of Mr. McNutt, placing the steel industry on a 48-hour work week, was referred to in last week's "Chronicle," page 2086.

FDR Favors Rise In Social Security Tax

President Roosevelt reiterated on June 5 his recommendation that contributions to the Social Security System be increased as a means of combating inflation. In signing a local bill amending the District of Columbia Compensation Act, the President noted that the measure provided for "an untimely reduction in the rate of contribution for the great majority of employees in the District," although it contained what he called "other desirable improvements."

In Associated Press Washington advices, his further remarks were indicated as follows:

"This period of inflationary pressure is not a time to reduce taxes. This is a time to reduce expenditures, pay off debts and build up reserves.

"I have repeatedly called attention to the Congress and country to the desirabiliy of increasing contributions in all branches of the Social Security System as a means of absorbing excess purchasing power now and providing a fund from which payments can be made in case of need at a later time.

"Although approving this local law, I adhere to my earlier recommendations for national policy."

The existing 5% levy for Social Security will rise automatically to 7% Jan. 1 under the Social Security Act unless Congress intervenes.

An increase was scheduled for the current year, but a Congressional group which included Senator Vandenberg (Rep., Mich.), sponsored and put through legislation which froze contributions of employees and employers at the previous 1% levy for each. The remaining 3% of the total 5% figure involves unemployment insurance.

The President's opposition last year to Congress freezing the Social Security taxes at 1% for 1943 was noted in these columns Oct. 22, 1942, page 1448.

To Discuss Wartime Radio Advertising

Panel discussions on "What FCC Regulations Mean to Advertisers," and "The Wartime Radio Audience" will high-light the meeting on radio scheduled for the morning of June 30, at the War-time Conference of the Advertising Federation of America at the Waldorf-Astoria in New York.

Lewis H. Avery, head of department of Broadcast Advertising, National Association of Broadcasters, Washington, will preside at this session which is sponsored by his organization.

A new feature of the Federation's meeting this year will be the exhibit on war-time advertising which will present panels by some sixty national firms, showing selected examples of their current advertising. Supplementary exhibits are being prepared by the Office of War Information and the War Advertising Council.

Churchill Predicts 'Amphibious Operations' On Large Scale Soon Will Be Undertaken

Tells Commons Aerial Bombings And Other Means Will Be Used To Destroy Enemy

Prime Minister Churchill told the House of Commons on June 8 that the Allies have determined upon "amphibious operations of a peculiar complexity" adding that "hazards on a large scale are approaching."

In his first war review since his Washington and North African conferences, Mr. Churchill said that the "mellow light of victory" had begun to play on the Allies and that "operations now impending in the European theater of war have been fitted into their proper place in relation to the general war." He said he could give no guarantee "any more than I have in the past as to what will happen" but described Allied prospects as "brighter and solid."

In Associated Press accounts from London, the following was reported:

About the Allied air offensive, which many term the actual first phase of the invasion, Churchill said:

"So far as the British Government and the Dominion Governments and also the Governments of the United States and the Russian Soviet Republics are concerned, nothing will turn us from our endeavor and intention to accomplish the complete destruction of our foes by bombing from the air, in addition to all other means. The steady wearing down of the German and Japanese air forces is proceeding remorselessly."

He disclosed that a "very long range air power—V. L. R. as it is called"—was in effective operation against submarines and that the first week of June "is the best ever" in U-boat kills. May was the best month of the war in the battle at sea, he said, and this may be a "fateful milestone" toward Axis defeat since the Axis was banking heavily on the U-boat.

He said the prisoners captured in Tunisia totaled 248,000—24,000 more than any previous estimate. He said 50,000 Axis troops had been killed, making total enemy casualties in Tunisia about 300,000. Tunisia and Stalingrad were the greatest military disasters that ever have befallen Germany, he said.

"The suddenness of the collapse of these great numbers of brave and skillful fighting men with every form of excellent equipment must be regarded as significant and in a sense characteristic of the German psychology generally after Jena and after the last war," he declared. "But no undue expectations should be placed on it. We prepared to win this war by hard fighting and, if necessary, by hard fighting alone."

Napoleon defeated the Prussians at Jena Oct. 14, 1806.

Other points made by Mr. Churchill to the cheering Commons in his first long review since February 11 were these:

1. "Taking some of the weight off Russia and giving more speedy and effective aid to China . . . are never absent for one moment from our thoughts and aims." He expressed regrets that no recent conference had yet been arranged with Marshal Stalin.

2. "The might of America is deployed far over the Pacific and is laying an ever stronger grip on the outlying defenses of Japan and offering every moment to the Japanese fleet the supreme challenge of sea power."

3. That no pressure was exerted to bring the French together.

4. That Allied troops and commanders were eager for "the most intense and violent" attack on the Axis.

5. That the American Second Corps in Tunisia captured 33,000 Germans and 4,000 Italians. British First Army casualties were 23,500 and the Eighth Army casualties since crossing from Tripolitania were 11,500. Only 683 enemy troops escaped, mostly by air.

Mr. Churchill referred in his speech to "the intimacy and strength of ties now uniting the British and the United States Governments and the British and American peoples," and in part added:

"All sorts of divergencies, all sorts of differences of outlook, all sorts of awkward little jars necessarily occur as we roll ponderously forward together along the rough and broken road of war, but none of these makes the slightest difference to our growing concert and unity, and there are none of them that cannot be settled face to face by heart to heart talks and patient argument.

"My own relations with the illustrious President of the United States have become in these years of war those of a personal friendship and regard, and nothing will ever happen to separate us in the comradeship and partnership of thought and action while we remain responsible for the conduct of affairs. The reason why I have not to make a longer speech today is that I have already given to the joint sessions of the Congress of the United States the statement which I should have made to this House on the victories in Tunisia had I been in this country. That, I think, is the valid explanation.

"Certainly when I found myself walking into that august assembly, the free Congress of the most powerful community in the world, and when I gave them, exactly as I would do in this House, a business-like stocktaking survey of the war and of our joint interests, even touching upon controversial matters, or matters of domestic controversy over there, and when I thought of our common history and of the hopes that lie before us, I felt this was an age of memorable importance to mankind.

"For these can be no doubt that whatever world organization is brought into being after this war that organization must be richer and stronger if it is founded on the fraternal relations and the deep understanding prevailing and now growing between the British Commonwealth of Nations and the United States."

Chicago S. E. Cuts Operating Loss

The Chicago Stock Exchange had an operating loss of $66,746 for the fiscal year ended April 30, 1943, compared with a loss of $86,702 in the previous fiscal year, it was announced on May 30 by Kenneth L. Smith, President of the Exchange. The net worth of the Exchange's general fund as of April 30 amounted to $1,347,116, represented almost entirely by cash and United States Government securities. The decrease during the year, Mr. Smith explained, amounted to $61,081, compared to a decrease of $86,734 during the preceding year. Operating expenses for the year decreased to $152,341 from $181,471 in the previous fiscal year. These expenses were the lowest since the Exchange occupied smaller quarters in the Rookery Building, Mr. Smith said, adding that this is in line with decreased volume to a new low for the last 22 years.

Calendar of New Security Flotations

OFFERINGS

DURIRON COMPANY, INC.

Duriron Company, Inc., has filed a registration statement for 70,000 shares of common stock, par value $5 per share. Of the total registered 57,700 are now issued and outstanding and owned by the Chase National Bank of New York. The remaining 12,300 shares are authorized for issue.

Address—450 North Findlay St., Dayton, O.

Business—Produces equipment and castings used in manufacturing, conveying, controlling and otherwise handling corrosive liquids and gases.

Offering—Price to public will be supplied by amendment.

Underwriters — Lee Higginson Corporation, New York, heads the underwriters. Names of others will be supplied by amendment.

Proceeds—Net proceeds from sale of 12,300 shares by the company will be added to its general funds. Net proceeds from 57,700 shares will go to the selling stockholder.

Registration Statement No. 2-5141. Form S-2 (5-19-43).

Offered June 16, 1943 at $12 per share by Lee Higginson Corp., Hornblower & Weeks and Graham, Parsons & Co.

YORK CORRUGATING CO.

York Corrugating Co. has filed a statement with the SEC for 50,000 shares of common stock, $1 par value. The stock is presently issued and outstanding and does not represent new financing.

Address — Adams Street and Western Maryland Railroad, York, Pa.

Business—Normal manufacturing facilities are primarily designed for pressed, drawn and stamped metal products. About 95% of the company's manufacturing facilities are now devoted to war production.

Underwriting—Floyd D. Cerf Co., Chicago, is named principal underwriter.

Offering—Offering price to the public is $6.50 per share. Selling stockholders are Western National Bank of York, Pa., as trustee under the Benjamin S. Taylor Trust 28,013 shares, and Dr. Charles P. Rice, York, Pa., 30,750 shares.

Proceeds—To selling stockholders.

Registration Statement No. 2-5118. Form S-2 (3-30-43).

Registration effective 12 Noon (EWT) on May 1, 1943, as of 5:30 p.m. (EWT) May 18, 1943.

Offered by Floyd D. Cerf Co., Chicago, and associates June 15, at $6.50 per share.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statcments will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

MONDAY, JUNE 28

GENERAL ELECTRIC CONTRIBUTORY PENSION TRUST

General Electric Contributory Pension Trust has filed a registration statement representing interests of employee participants in pension trust. Amount of offerinf is given as $250,000 (estimated amount of employee contributions prior to Aug. 1, 1944.)

Address—No. 1 River Road, Schenectady, N. Y.

Business—Pension fund.

Underwriting—No underwriters.

Offering—Date of proposed public offering June 30, 1943.

Purpose—On Dec. 6, 1935, the president of General Electric Co. announced a pension plan, later designated General Electric Contributory Pension Plan, for employees engaged on and after Jan. 1, 1936, whose salaries are in excess of $3,000 per year. The trustees originally registered with the SEC interests of employee participants in an aggregate amount of $100,000, and this month they registered an additional amount of $250,000, which they estimate to be sufficient to provide for employee participations up to but not including Aug. 1, 1944.

Registration Statement No. 2-5148. Form A-1. (6-9-43).

TUESDAY, JUNE 29

THE INVESTMENT COMPANY OF AMERICA

The Investment Company of America has filed a registration statement for 222,062 shares of common stock, par $1 per share, of which 157,292 shares are by the issuer and 64,770 shares by Pacific Southern Investors, Inc.

Address—One Exchange Place, Jersey City, N. J. and 100 West Tenth Street, Wilmington, Del.

Business—Investment trust.

Underwriting—Investment Company Distributors, Inc., is named distributor.

Offering—The offering price is net asset value per share plus a premium of 8% of the offering price.

Proceeds—Issuers part for investment.

Registration Statement No. 2-5150. Form S-5. (6-10-43).

WEST DISINFECTING COMPANY

West Disinfecting Co. has filed a registration statement for $1,000,000 3¾% first mortgage and collateral sinking fund bonds, dated June 1, 1943, due June 1, 1958.

Address—42-16 West Street, Long Island City, N. Y.

Business—One of the oldest organizations engaged in the manufacture and distribution of sanitation products.

Underwriting—Coffin & Burr, Inc., Boston, is named underwriter.

Offering—Price to the public to be named by amendment.

Proceeds—Company will use part of net proceeds from sale of bonds to pay and discharge the mortgages on its property in the aggregate principal amount of $337,700 and premium of $10,800 for prepayment, and the balance of net proceeds will be added to the general funds of the company. The company will pay off all its bank loans, in the amount of $200,000, from its general funds prior to the issue of the bonds.

Registration Statement No. 2-5149. Form S-1. (6-10-43).

WEDNESDAY, JUNE 30

METALES DE LA VICTORIA, S. A.

Metales de la Victoria, S. A. has filed a registration statement for 1,000,000 common shares and production notes in the aggregate sum of $500,000, lawful money of the United States of America.

Address—406 Valley National Building, Tucson, Ariz.

Business—Organized under the laws of Mexico on Oct. 23, 1942, for the purpose of engaging in the busines sof acquiring, exploring, developing and operating mining properties in Mexico, and the milling and marketing of ores and concentrates therefrom.

Underwriting—Offering will be made direct to the public by the company, and to brokers and dealers for their own accounts or as selling agents of the company.

Offering—Offering consists of 50,000 units, a unit consisting of a production note in the face amount of $10 and 20 shares of common stock, price per unit $10, lawful money of the United States of America.

Proceeds—For development, purchase of equipment, etc.

Registration Statement No. 2-5151. Form S-3 (6-11-43).

THURSDAY, JULY 1

PANHANDLE EASTERN PIPE LINE CO.

Panhandle Eastern Pipe Line Co. has filed a registration statement for $10,000,000 ten year 2¾% debentures, due June 15, 1953. Indenture provides for a sinking fund payable on June 15, 1948, and on each June 15 thereafter to and including June 15, 1952, sufficient to retire annually $1,000,000 principal amount of debentures.

Address—1221 Baltimore Avenue, Kansas City, Mo.

Business—Company is engaged in the production, purchase, transmission and sale of natural gas, the major part of which is sold to gas distribution companies for resale. Missouri-Kansas Pipe Line Co. owns 65.8% and Phillips Petroleum Co. owns 25% of voting power of securities of Panhandle Eastern.

Underwriting — Principal underwriters named are Glore, Forgan & Co., Kidder, Peabody & Co. and First Boston Corp., all of New York. Other underwriters will be named by amendment.

Offering—Price to public will be supplied by amendment.

Proceeds—Company intends to use the net proceeds for payment of, or reimbursement for, a part of the cost of its 1943 construction program, the entire cost of which is presently estimated at approximately $11,500,000. Company says consumption of natural gas has increased with the expansion of industrial production in the war emergency.

Registration Statement No. 2-5152. Form A-2. (6-12-43).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ALL AMERICAN AVIATION, INC.

All American Aviation, Inc., has filed a registration statement for 26,218 shares of convertible non-cumulative preferred stock, par $25 per share, and an indeterminate number of shares of common stock, par $1 per share, to be reserved for issuance upon the conversion of convertible non-cumulative preferred stock into common stock.

Address—200 West Ninth St., Wilmington, Del.

Business—Present business is conducted by its two major divisions, Air Transport Division and the Manufacturing Division.

Underwriting—If any offering is made through underwriters their names will be supplied by amendment.

Offering — The preferred stock will be initially offered by the company for sale at $25 a share to holders of ten or more shares of company's common stock on the basis of one share of preferred stock for each full ten shares of common. The period within which holders of common stock may exercise their rights to subscribe to shares of preferred stock will expire ten days after the initial date of offering. Thereafter any remaining shares of preferred stock will be offered to the general public at $25 a share, or the company may offer any remaining shares to underwriters for sale to the public at $25 a share.

Proceeds — Will be applied to finance the company's operations under its contracts with the U. S. Government and to discharge certain of its outstanding obligations.

Registration Statement No. 2-5147. Form S-2. (5-28-43).

BEATRICE CREAMERY COMPANY

Beatrice Creamery Company has filed a registration statement covering 91,317 shares of $4.25 cumulative preferred stock, without par value.

Address—1526 South State St., Chicago. Company expects to move its executive office to 120 South La Salle St., Chicago, on or about July 1.

Business—Company and its subsidiaries are engaged principally in the manufacture and sale of butter, ice cream, condensed milk, buttermilk, dried milk and cheese, the distribution of milk, eggs, frozen foods, oleomargarine, operation of cold storage plants, and in practically every branch of the dairy business.

Offering — The $4.25 cumulative preferred is offered for exchange by the company to the holders of its outstanding $5 cumulative preferred stock on a share for share basis. Holders of $5 cumulative preferred accepting the offer of exchange will receive the quarterly dividend, payable July 1, 1943, with respect to their shares of stock.

Underwriting—The shares of $4.25 cumulative preferred not exchanged have been underwritten. The underwriters are: Glore, Forgan & Co., Chicago; Hayden, Stone & Co., New York; W. E. Hutton & Co., New York; Mellon Securities Corp., Pittsburgh; First Trust Co. of Lincoln, Lincoln, Neb.; Central Republic Co., Inc., Chicago; Kebbon, McCormick & Co., Chicago; Lee Higginson Corp., Chicago; Wisconsin Company, Milwaukee; Bacon, Whipple & Co., Chicago; Blair, Bonner & Co., Chicago; Farwell, Chapman & Co., Chicago; G. H. Walker & Co., St. Louis; Boettcher & Co., Denver; Bosworth, Chanute, Loughbridge & Co., Denver; Maynard H. Murch & Co., Cleveland; Kirkpatrick-Pettis Co., Omaha, and Burns, Potter & Co., Omaha. Offering price to the public will be supplied by amendment.

Proceeds — Proceeds from sale of any stock to underwriters, with other funds of the company, will be used to effect the redemption on Oct. 1, 1943, of all of the then outstanding $5 cumulative preferred stock at $102.50 per share plus accrued dividends.

Registration Statement No. 2-5146. Form A-2 (5-27-43).

BURTONITE CORPORATION

Burtonite Corporation has filed a registration statement for 10,000 shares of 7% preferred stock and 15,000 shares of common, no par.

Address—2500-22 Fisher Street, Fort Worth, Texas.

Business—Manufacture of face brick.

Offering—Present offering consists of 2,000 units, each unit consists of four shares preferred and one share common, price per unit is $10.

Underwriting—None. Distribution is to be made by direct sales by the corporation of its treasury stock.

Proceeds—Expansion of plant facilities, installation of additional equipment and for working capital.

Registration Statement No. 2-5105. Form S-2 (3-5-43).

CHICAGO, NORTH SHORE & MILWAUKEE RR. CO.

Committee for holders of equipment trust certificates of Chicago, North Shore & Milwaukee RR. has filed a registration statement for certificates of deposit.

Address—Of committee, 135 So. La Salle St., Chicago. Of corporation, 72 West Adams St., Chicago.

Business — Corporation owns and operates electric railroad connecting Evanston, Ill., with Milwaukee, Wis., with interconnection to Chicago and branch lines.

Offering—Date of proposed call for deposit, April 15, 1943. Type of issues to be called for deposit are the company's equipment trust certificates, series E, F and G.

Purpose—Committee intends to act for the protection of the holders of the equipment trust certificates in connection with the contemplated reorganization which will be consummated under the present Chapter 10 proceedings.

Registration Statement No. 2-5126. Form D-1. (4-12-43).

Registration statement withdrawn June 8, 1943.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registerec with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed May 28, 1943, to defer effective date.

IOWA POWER & LIGHT CO.

Iowa Power & Light Co. has filed a registration statement for $17,000,000 first mortgage bonds, 3¼% series due June 1, 1973.

Address—312 Sixth Avenue, Des Moines, Iowa.

Business—Is a public utility engaged in the business of furnishing electric service in Polk County, outside the City of Des Moines and environs, and in 12 contiguous counties in Central Iowa, and furnishing gas service in the City of Des Moines and environs, and in two municipalities in adjoining counties.

Underwriting—Bonds are to be offered for sale at competitive bidding under the rules of the Commission. Names of the underwriters will be supplied by post effective amendment.

Offering—Price to the public will be supplied by amendment.

Proceeds—Bonds are to be issued as part of a series of interdependent transactions which include the acquisition by Continental Gas & Electric Co. of Iowa Power & Light Co. and Des Moines Electric Light Co. from Illinois Iowa Power Co. Proceeds from the sale of the bonds, together with a portion of funds to be received from bank loans aggregating $2,500,000, will be used to redeem on Sept. 1, 1943, a total of $11,232,000 face amount of the company's first mortgage bonds; to redeem on Oct. 1, 1943, 10,133 shares par $100 of the company's 7% cumulative preferred stock; to the purchase from Illinois Iowa Power Co. of $1,750,000 face amount of general refunding mortgage bonds, Series A, due 1955, and $3,000,000 of open account indebtedness of Des Moines Electric Light Co., $4,750,000; to partial payment for Iowa properties of Iowa-Nebraska Light & Power Co., $1,000,000 and for other corporate purposes.

Registration Statement No. 2-5138. Form S-1. (5-12-43).

Amendment filed May 31, 1943, to defer effective date.

NORTHWEST PUBLICATIONS, INC.

Northwest Publications, Inc., has filed a registration statement with SEC for $382,500 5½% subordinated debentures, due Dec. 1, 1957.

Address—55-63 East Fourth St., St. Paul, Minn.

Business—Engaged in the publication of newspapers in the cities of St. Paul and Duluth, Minn.

Offering—Under the plan of recapitalization the corporation offers a 5½% debenture in the face amount of $100 for each share of its 3,825 outstanding shares of first preferred stock together with all rights to dividends accruing thereon after Dec. 1, 1942. Under the plan of recapitalization, the holders of first preferred may deposit their exchange agreements prior to March 15, 1943, or such later date as may be determined by the corporation, but not beyond May 15, 1943. The plan shall become effective automatically, when holders of 80% of face amount of first preferred deposit their exchange agreements, or by declaration by the corporation, at its option, upon receipt of exchange agreements covering less than such 80%.

Underwriting—The corporation has not entered into any agreement providing a firm commitment for the purchase of subordinated debentures. It has entered into an agreement with Kalman & Co., Inc., Wells-Dickey Co. and Harold E. Wood & Co. to act as dealer-managers. They are to use their best efforts for a period of 60 days following the effective date of the registration statement to effectuate exchange of the securities registered for the corporation's outstanding first preferred stock.

Proceeds—Plan of recapitalization.

Registration Statement No. 2-5080. Form A-2. (12-29-42)

Registration effective 5:30 p.m. (EWT) on Feb. 25, 1943, as of 5:30 p.m. (EWT) Jan. 17, 1943.

Registration statement withdrawn, request filed June 11, 1943.

PACIFIC MUTUAL LIFE INSURANCE CO. OF CALIFORNIA

A. C. Balch, F. E. Rand and Leslie Waggener as the Pacific Mutual Shareholders Protective Committee have filed a registration statement with the SEC for voting trust certificates for 508,200 shares of common stock, par $1 per share, of Pacific Mutual Life Insurance Co. of California.

Address — Of issuer, 626 South Spring St., Los Angeles, Cal. Executive office, 523 West Sixth St., Los Angeles, Cal.

Business—Life insurance.

Purpose—The agreement places no limitation upon the powers of the committee to vote the shares held by it. However, one of the main objectives of the committee is to vote the securities held by them in connection with the said so-called plan and agreement of rehabilitation and reinsurance and mutualization affecting the Pacific Mutual Life Insurance Co. of California.

Registration Statement No. 2-5098. Form F-1. (2-19-43).

Amendment filed June 10, 1943, to defer effective date.

PINEHURST, INC.

Pinehurst, Inc., has filed a registration statement with the SEC for $250,000 first mortgage 5% bonds, due May 1, 1953.

Address—Pinehurst, N. C.

Business—Operation of a winter resort.

Offering—Pinehurst, Inc., is offering to the holders of its 6% first mortgage gold bonds due May 1, 1943, the opportunity to exchange their bonds, plus accrued interest, for first mortgage 5% bonds now registered. Exchange basis is for a like principal amount of the bonds to be offered, with adjustment in cash for accrued interest. The plan will become operative when and if, prior to May 1, 1943, holders of substantially all of the bonds of the company due May 1, 1943, shall have filed agreements, but the company reserves the right in its discretion to declare the plan operative prior to May 1, 1943, upon receipt of agreements which it may deem acceptable to it. Company reserves the right to offer for sale for cash at not less than 100% of face amount, plus accrued interest, such portion of the bonds to be offered under registration statement as may not be accepted by the holders of the old bonds. At May 31, 1942, there were $236,000 of old bonds outstanding.

Underwriting—Company has not entered into any agreement providing a first commitment for the purchase of the first mortgage 5% bonds. It will, however, enter into an agreement with Mackubin, Legg & Co., Baltimore, who may be underwriters whereby the underwriters who have aided in preparing the exchange offer and plan will use their best efforts in obtaining agreements of exchange, including the obtaining of services of other dealers, for which they will be compensated.

Proceeds—To redeem old 6% first mortgage bonds and for general funds.

Registration Statement No. 2-5079. Form A-2. (12-29-42)

Registration effective 12 noon EWT on April 3, 1943, as of 5:30 p. m. EWT on Jan. 17, 1943.

Registration statement withdrawn June 8, 1943.

SECURITY INSURANCEE COMPANY OF NEW HAVEN

Security Insurance Company of New Haven has filed a registration statement for 50,000 shares of capital stock, par value $10 per share, and subscription warrants evidencing rights to subscribe to the stock.

Address—175 Whitney Ave., New Haven, Conn.

Business—Company is a fire and marine insurance company.

Proceeds — Net proceeds from the sale will be added to, and used as a part of, the company's general funds. Of such proceeds, an amount equal to the total par value of shares sold will be credited to capital stock account and the balance will be credited to surplus.

Registration Statement No. 2-5145. Form S-1 (5-25-43).

In an amendment to its registration statement filed June 11 the offering price of the 50,000 shares is given as $30 per share, on the basis of one share of new stock for each four shares held on the record date.

Stockholders of record June 14 are given the right to subscribe for the stock. Rights expire June 29.

The underwriters and the amounts they have agreed to purchase are given as follows: Chas. W. Scranton & Co., New Haven, 8,150; Smith, Barney & Co., N. Y., 81,150; Putnam & Co., Hartford, 5,000; Day, Stoddard & Williams, Inc., New Haven, 4,000; Edward M. Bradley & Co., Inc., 2,500; Colley & Co., Hartford, 2,500; Estabrook & Co., Boston, 2,500; Huff, Geyer & Hecht, Inc., N. Y., 2,500; A. M. Kidder & Co., N. Y., 2,500; Mackubin, Legg & Co., Baltimore, 2,500; Paine, Webber, Jackson & Curtis, N. Y., 2,500; Brainard, Judd & Co., Hartford, 800; Robert C. Buell & Co., Hartford, 800; R. L. Day & Co., Boston, 800; Eddy Brothers & Co., Hartford, 800; Gaynor, Clemence & Co., Inc., Bridgeport, 800; Hincks Bros. & Co., Inc., Bridgeport, 800; Robert S. Morris & Co., Hartford, 800; Henry C. Robinson & Co., Inc., Hartford, 800, and Whaples, Viering & Co., Hartford, 800.

SIXTY SEVEN HOLDING COMPANY

Sixty Seven Holding Company has registered 3,412 shares of preferred stock, $100 par value, to be authorized.

Address — Bankers Securities Building, Philadelphia, Pa.

Business — Owns and operates a ten-story brick and stone apartment house located at 67 South Munn Avenue, East Orange, N. J.

Offering — The perferred stock being registered is to be offered otherwise than for cash. It is to be distributed to holders of the unsubordinated bonds presently secured by the first mortgage on the property of the registrant at 67 South Munn Avenue, East Orange, N. J., at the rate of four shares of $100 value each, in addition to $600 in cash, in consideration for the surrender for cancellation of each $1,000 face value of such bonds.

Registration Statement No. 2-5144. Form S-1 (5-21-43).

Amendment filed June 7, 1943 to defer effective date.

STOVALL PROPERTIES, INC.

Committee for Holders of Class B first mortgage 5% gold bonds of Stovall Properties, Inc., has filed a registration statement with the Securities and Exchange Commission for certificates of deposit for $956,500 of such first mortgage real estate bonds.

Address—Place of business of original issuer, Tampa, Fla. Address of committee, 711 Maritime Building, New Orleans, La.

Business—Operation of office buildings, and rental of store properties owned by it.

Purpose—In addition to the $956,500 Class B 5% mortgage bonds there are outstanding $8,125 Class A 6% first mortgage gold bonds. Both classes of bonds were dated Sept. 1, 1931, with maturity date Sept. 1, 1941.

Both classes of bonds bear interest at the rate of 8% after maturity. According to the registration statement the deposit of securities is desired in order to foreclose the mortgaged and/or pledged property, and, if need be, to bid in the property at the foreclosure sale for the benefit of the bondholders.

So far as is known to the committee, no steps have been taken by anyone to prepare a plan of readjustment or reorganization. Securities are to be called for prior to the proposal of a plan because from all information available, there is little possibility of any feasible plan of reorganization. The committee is of the opinion that the only feasible mode of procedure is to foreclose the mortgage, obtain title to the property either in the committee or in a corporate or personal nominee of the committee to operate the property for the benefit of the depositing bond holders and to seek a purchaser for the same. The members of the committee have found that prospective purchasers for the mortgaged property are unwilling to negotiate until title has been obtained through foreclosure. The deposit agreement is dated Nov. 25, 1942. The committee has not as yet fixed any limit to the period within which the bonds will be accepted.

Registration Statement No. 2-5083. Form D-1. (1-18-43).

Amendment filed May 21, 1943, to defer effective date.

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.3 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and **$2,835,000 first mortgage bonds held by parent and associated companies, and for** construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendment filed June 6, 1943, to defer effective date.

UNITED GAS CORPORATION

United Gas Corp. registered **$75,000,000** first mortgage and collateral trust **3¼%** bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural **gas; part of Electric Bond and Share System**

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the best possible price."

Amendment filed May 29, 1943, to defer effective date.

Parker Named Attorney Of State Banking Dept.

Elliott V. Bell, New York State Superintendent of Banks, announced on June 11 the appointment of Robert Humphrey Parker as Principal Attorney of the Banking Department. Mr. Parker was formerly an associate of Shearman & Sterling, 55 Wall Street, New York City. John Frank Wood, Deputy Superintendent and Counsel, is head of the Department's Legal Division.

Mr. Parker was born in Oklahoma City, Oklahoma, and was graduated from the University of Oklahoma with an A. B. degree in 1934. He was graduated from Columbia University School of Law in 1938.

As principal Attorney of the Banking Department, Mr. Parker succeeds James T. McDonald, who resigned on April 15, to take a position with Davis, Polk, Wardell, Sunderland & Kiendl.

Challenge Of Post-War Deficit Financing Discussed By First National Bank Of Boston

Manner In Which Monetary Problem Is Settled May Shape Course Of Generations To Come

The belief that the expected $300,000,000,000 Federal debt at the end of the war can be carried provided "favorable conditions prevail for business expansion, sound economic and financial policies are followed, and the people are determined to take a firm and uncompromising stand in meeting the crucial issues involved in the financing of Government expenditures," is expressed by the First National Bank of Boston.

In its current New England Letter, the bank says that serious thought should be given now to Government fiscal policies we adopt "since the manner in which the monetary problem is settled may well shape the course of events for decades and perhaps generations to come."

The bank's review further says:

"A new school of thought has sprung up in this country which holds the view that we need not worry about the debt since we owe it to one another, and that interest charges on public obligations are no burden on the economy because they represent merely the transfer of purchasing power from one group to another.

"The statement that there need be no concern over the debt, since it is internally held, is not a realistic approach as we are not a collectivist society, although the adoption of the proposed philosophy would be likely to lead us in that direction. As our economy is now constituted, each individual maintains a separate accounting system of income and outgo, and must meet his own obligations. This fact is now being brought home to every taxpayer in the land. As he is compelled to make a drastic overhauling of his family budget in order to pay taxes, subscribe to War Savings Bonds, and meet the rising cost of living, it will be of little comfort to be told that his outlay for taxes constitutes no loss of purchasing power for the nation as a whole.

"During the last depression there were wholesale defaults on farm mortgages. Many thousands lost their farms because they were unable to meet taxes and mortgage payments, while creditors also lost heavily by foreclosures. There certainly was a loss in national purchasing power even though one group was under obligation to pay other groups within the country. The facts are that, when there is undue strain on one segment of the population, the entire economy is affected and no fancy wording will change or make it otherwise.

"Suppose it were arranged that each taxpayer would receive interest from Government bonds equal to the amount of taxes he paid. Even then it would not be merely a transfer of money from one pocket to another, and therefore of no economic significance. This can be made clear by taking the case of a person whose taxes amount to say $2,000. This would call for an investment in Government bonds of $80,000, on the basis of 2½% interest payment. Now if his taxes were only half as much, he would have $1,000 to spent for other purposes instead of paying it out to the Government.

"Furthermore, if this lack of concern over the debt is accepted as a general policy, there will develop less and less opposition to public spending and more and more resistance to higher taxes. The natural reaction of a hard-pressed people would be that if the nation can carry an unlimited amount of debt, then why should they sacrifice and carry an intolerable tax load.

"The champions of this theory admit that there is no method of measuring a nation's debt capacity but point to England's debt, after the close of the last war, of twice national income as a guide. If our debt should reach $300,000,000,000, which is expected in responsible quarters, then it would be more than twice the predicted income of the post-war period. Despite this situation, the proponents would pass by the 'red lights' they have set up and proceed to embark upon their fiscal program after the war, continuing to pile up debt on debt on the theory that Federal spending generates income and provides the cushion for more debt.

"During the 1930's approximately $25,000,000,000 was appropriated to prime the pump and thus create jobs, but at the end of the decade there were about 8,000,000 persons unemployed. We are now told that the trouble was that we did not go far enough, as we operated on a hand-to-mouth basis. Under the new proposal there would be a dual system whereby private enterprise produces the goods and the Government guarantees the market through public expenditures. In other words, a system would be set up that combines the features of state socialism and free enterprise. But such a system would not work as the components are mutually antagonistic. The net result would be that as Government activities are extended, business enterprise would be forced to retreat until finally there would emerge a state-controlled society.

"According to this theory, full employment would be assured by the use of Federal funds to take up any slack. But it is not possible to keep all industries and all lines of activity operating indefinitely at full capacity because of the variation in the demand for goods. Furthermore, in the event of an international depression, such as we had in the 1930's we would be called upon to bolster the economy of the entire world.

"This theory overlooks the fact that Government deficits provide merely a short-term stimulus to industry, principally to consumers' goods. But because of the fear and uncertainty that chronic deficits engender, long-term capital is kept in hiding.

What, then, is the alternative to pump priming as a means of providing a high level of employment after the war? It is to be found largely in adopting public policies that will permit adequate profit incentives so that private enterprise may be encouraged to take risks. Toward this end our tax structure will have to be overhauled so that taxes on profits ploughed back into business will be substantially lower and thus provide a backlog for conversion to peacetime operations, for deferred maintenance and repairs, as well as for expansion. Industry must have this 'seed money' to make better products at lower cost, to create more jobs, and pay higher real wages. The risk-taker should be given every inducement to embark upon new ventures."

Interesting Situations

Wm. C. Roney & Co., Buhl Building, Detroit, Mich., members of the Detroit Stock Exchange, have prepared late analyses of United Drill & Tool Co. A & B; American Forging & Socket Co. common; General Industries Co. common, and Leonard Refineries Co. common. Copies may be had upon request.

Canadian Industrial Activity Continues Gradual Rise

Canadian industrial activity continued its gradual rise, S. M. Wedd, General Manager of the Canadian Bank of Commerce, stated, reporting that the bank's index registered 210 at mid-May (1937=100) as against 209 in April, while the percentage of factory capacity utilized fell from 130 to 129. The food group was unchanged, a slight increase in meatpacking offsetting a decline in cereal products. The The output of leather footwear was the same but some of the other major items in the clothing group declined slightly, mainly factory-made garments, cottons, woolens, hosiery and knitted goods. The pulp and paper group was also unchanged but other wood products rose as a result of greater activity of some plants busy on war orders. The iron and steel group rose, chiefly on account of some units in the heavy and medium sections.

"Our wage payroll index declined from 229 for March to 224 for April (1937=100)," Mr. Wedd declared." The manufacturing section was slightly lower at 256, while logging, construction and trade, also declined but the mining section was slightly higher at 109.

"Our index of farm purchasing power for the twelve months ending March stands at the highest point since September 1929, registering 100.65 as against 98.21 for the calendar year 1942 and 93.95 for the twelve months ending (March of last year(1926=100). The first quarter of the year, normally the least active marketing period, nevertheless showed a substantial gain in income over the same quarter of 1942, largely because of an increase in grain deliveries, principally coarse grains, and a higher price for wheat."

NY Savs.-Loan League To Meet At Saranac

The New York State League of Savings and Loan Associations will hold its Wartime Conference and 56th annual convention at Saranac Inn, Saranac Inn, N. Y., on June 15, 16, 17 and 18. The convention theme will be "United for Victory." Over 400 delegates from all parts of the State are expected to attend. The program, announced by the League's Executive Vice-President, Zebulon V. Woodard, stresses the part which savings and loan associations can play in aiding the successful prosecution of the war through encouraging savings and the sale of War Bonds, the financing of war housing, and planning for post-war operations.

Elliott V. Bell, New York State Superintendent of Banks, will address the delegates on Thursday morning, June 17. The guest speaker at the Victory Dinner, June 17, will be Oswald D. Heck, Speaker of the New York State Assembly. Other speakers will include: John Whitney Richmond, Deputy State Administrator of the Treasury Department War Savings Staff, who will discuss "The War—Current Details and the Present Status of the War Savings Program;" Ralph H. Davies, Executive Vice-President, Homestead Savings and Loan Association, Utica, who will speak on the facilities offered by the American Savings and Loan Institute, using as the subject of his talk the theme, "Be Prepared;" William J. Dwyer, President of the Franklin Society for Home-Building and Savings, New York, and of the Savings and Loan Bank of the State of New York; E. W. Smith, Director of Housing of the Johns Manville Corporation, who will speak on "Tomorrow's Home;" Professor Walter C. Voss of the Massachusetts Institute of Technology, who will discuss "Building Construction in the Post-War Period;" and Morton Bodfish, Executive Vice-President, United States Savings and Loan League, Chicago, on "Financing the Post-War Home."

Clarence J. Roberts, President of the New York State League and of the Carthage Savings and Loan Association, Carthage, N. Y., will preside at all convention sessions and will render his Presidential Address on June 16. Following this will be the annual report of Mr. Woodard.

On June 16, reports will be rendered covering conditions in the savings and loan business in the seven geographical groups throughout the State into which the League is divided.

A panel discussion on "Management and Supervision in Wartime" will take place on Thursday, June 17. The moderator will be Roy H. Bassett, President of the Canton Savings and Loan Association, Canton, N. Y. and the participants will be Morton Bodfish, Executive Vice-President, United States Savings and Loan League, Chicago; Nugent Fallon, President of the Federal Home Loan Bank of New York; Edward H. Leete, Deputy Superintendent of Banks; Edward C. Gruen, Secretary-Treasurer, Niagara Savings and Loan Association of Tonawanda; George E. Palmer, President of Serial Federal Savings and Loan Association of New York; and E. M. Van Norden, Vice-President of the Savings and Loan Bank of the State of New York.

Baptist Pension Fund Shows Large Growth

The annual report of the Ministers and Missionaries Benefit Board of the Northern Baptist Convention (The Baptist Pension Fund) made public in New York on May 27, shows a considerable growth since the fund was inaugurated 32 years ago. It is stated that total funds now approximate $25,000,000 and income from investments during the year 1942 amounted to $1,027,000 or 4.06%. The fund also shows income from other sources in 1942 of more than $500,000. Among the diversified list of investments is $3,000,000 in U. S. Government securities. Market value of all securities are reported as appraised at April 30, 1943, was 104% of book value, with no securities in default. Reserves for contingencies amount to $330,800.

Officers of the fund are William R. Conklin, President, J. Herbert Case, Vice President and Treasurer, and M. Forrest Ashbrook, Executive Director. The finance committee consists of Mr. Case, as chairman; William R. Conklin and George W. Bovenizer.

Bank & Insurance Stocks

(Continued from page 2279)

52.7%. To reach the market high of 1937, the bank stock index must appreciate 67.8% from its current level. In view, however, of the favorable earnings position of the banks and their favorable post-war prospects, it would seem unreasonable to limit the appreciation possibilities of their stocks to the 1937 level.

The combination of attractive yield, current market lag and potential market appreciation, would seem almost to place well selected and adequately diversified bank stocks in a class by themselves.

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First Quarter Corporate Earnings Only Slightly Above 1942 Despite Sharply Larger Sales

Despite substantially larger sales, corporate earnings during the first quarter were only slightly higher than last year, and well below the corresponding period of 1941, according to the National Industrial Conference Board, which adds that income now reported is subject in some cases to renegotiation and in all cases to the determination of actual 1943 tax rates. The Board points out that net before taxes was substantially larger than in either 1942 or 1941, but large increases in taxes heavily reduced earnings available for dividends.

The Board's tabulation shows the net after taxes of 326 industrial corporations at $296,000,000 against $287,000,000 last year and $384,000,000 for the first quarter of 1941. The increase over 1942 is 3%. The decline from 1941 is 23%. The reports of 275 manufacting corporations showed earnings available for dividends at $260,000,000 against $255,000,000 last year and $346,000,000 in 1941, a gain over 1942 of 2% but a decline from 1941 of 25%. The Conference Board's announcement of June 8 further explained:

"Although production of durable manufactures has shown greater expansion than non-durable goods, first-quarter income statements reversed the logical results. The 158 durable goods manufacturers reported net income, after taxes, about 1% below a year ago, largely because of a loss in the heavily weighted steel group. The decrease of 35% in comparison with 1941 was shared by virtually all durable goods industries. Nondurable goods earnings, as shown by 117 concerns, were 6% higher than in 1942 and only 6% below 1941.

"Twenty-one mining companies reported net after charges of $23,000,000 against $22,000,000 last year, $24,000,000 in 1941, a gain of 4% over 1942 but a decline of 3% from 1941. The utilities companies reported a reduction in income after charges compared with both 1942 and 1941. Thirty-five corporations in this field reported net earnings after taxes at $119,000,000 for the first quarter of this year against $122,000,000 last year and $141,000,000 in 1941, the drop being 2 and 15% respectively. Railroad companies continued to be the exception to the general rule. Sixty-three railroads reported net after charges for the first quarter of this year at $184,000,000 against $84,000,000 last year and $67,000,000 in 1941. The gain over last year was 118% and that over 1941 was 173%.

"According to more detailed reports for 196 industrials, income, before taxes, gained 15%, but reserves for taxes this year amounted to 71% as compared with 67% last year. The same corporations showed 27% less after-tax income than in 1941 when they reserved 44% for taxes.

"Automobile and car parts companies recorded substantial improvements over the low 1942 reports, primarily as the result of completion of the conversion programs then under way. Sales were more than 80 higher than a year ago for five of the companies included in the larger samples. Income available for dividends reported by automobile companies increased almost 40%, despite tax reserves which amounted to 64 cents of each dollar of taxable income. Thirteen car parts companies reserved 82% for taxes this year, but net income, after taxes, was up 23%. In both groups, however, income was well below the first quarter of 1941.

"Little change occurred in the building material group; 20 concerns gained less than 1% in net income in 1943. The gain of 47% in sales of electrical products over last year was reflected in the increase of 43% in income, before taxes, of a larger group of companies. However, the highest reported tax reserve, representing 83% of taxable income, was set aside by these companies, and the after-tax gain was reduced to 5%.

"Manufacturers of machinery, for whom sales data were lacking, reserved equally large proportions of gross income for tax accruals—82% this year as compared with 76% last year—and net income rose only 3% after taxes. Five office equipment concerns gained 5% over 1942 after allocating 77 cents a dollar of income, before taxes, for the Federal tax bill. These two groups were the sole exceptions to the decline in durable goods earnings from 1941 to 1943.

"The steel and iron industry reported outstanding declines in net income, although sales of the 12 corporations for which data are available were 4% above the first quarter last year. Income declined both before tax and after taxes, amounting to 12% and 27% respectively, for the 23 corporations giving this information. For the largest sample of 34 companies, net income fell to $46,500,000, 24% below 1942 and 47% below 1941."

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John P. Broderick Is With Doremus & Co.

According to an announcement made by William H. Long, Jr., president of Doremus & Co., John P. Broderick, former bond editor of the Wall Street Journal, publicity director of the Victory Fund Committee in New York since last December, and president of the New York Financial Writers Association in 1939-40, has become associated with the Doremus advertising agency as Director of the public relations department.

Mr. Broderick graduated in 1927 from the University of Minnesota, where he was active in editorial work on college publications. He was later a reporter for the Northwestern Miller and allied grain trade papers. In 1929 he joined Dow-Jones & Co. in New York, later serving for seven years as bond editor of the Wall Street Journal which he left last December to serve on the Victory Fund Committee of the Second Federal Reserve District.

Richard J. Buck To To Admit E. Malone

Eugene F. Malone, member of the New York Stock Exchange, will be admitted to partnership in Richard J. Buck & Co., 39 Broadway, New York City, members of the New York Stock and Curb Exchanges, as of today. Mr. Malone was formerly a partner in the dissolved firm of Henry Morgan & Co.

McKaig With H. R. Baker

RENO, NEV.—George H. McKaig has become associated with H. R. Baker & Co., whose main office is located in the Russ Building, San Francisco, Calif. Mr. McKaig was formerly proprietor of George McKaig & Co. of Reno and San Francisco.

S. Grayson Co. Formed

Stanley Grayson has formed the Stanley Grayson Company with offices at 515 Madison Avenue, New York City, to engage in a securities business.

Albert Frank Adds Two To Copy Staff

Cobb Is Copy Director

William T. Cobb, Vice-President, has been appointed general copy director of Albert Frank-Guenther Law, Inc., 131 Cedar Street, New York City.

John McAdams, formerly on the copy staff of Newell Emmett Co., and previously with Federal Advertising Agency, and John C. Ritchey, formerly of the editorial staff of the "Wall Street Journal," who was previously Assistant Executive Editor of the "Christian Science Monitor," are new additions to the copy staffs of Albert Frank-Guenther Law.

Weingarten & Co. To Resume In New York

As of June 28, the New York Stock Exchange firm of Weingarten & Co. will be formed with offices at 551 Fifth Avenue, New York City. Partners will be Melville D. Weingarten, Bernard Miller, the firm's Exchange member, and Sanford Stern, general partners; Richard M. Lederer, Jr., Nanette S. Weingarten, and Elvira R. Dryfoos, will be limited partners.

The general partners were all formerly partners in Weingarten & Co. Recently Messrs. Weingarten and Sanford have been associated with Carl M. Loeb, Rhoades & Co. and Mr. Miller has been active as an individual floor broker.

Correction

In the Financial Chronicle of June 3, in reporting the fact that William E. Clegg was engaging in the investment business as an individual dealer, in Cleveland, O., it was stated that he was formerly a member of Hurd, Clegg & Co. of Champagne, Ill. This we are informed is not the case, Mr. Clegg for the past 10 years having been associated with John P. Witt & Co. of Cleveland and other brokerage concerns and banks in Cleveland for over 30 years.

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The Financial Situation

The Administration has launched another campaign for further tax legislation. No sooner had Congress after a long and wordy battle enacted the so-called pay-as-you-go tax law than the Director of War Mobilization, the Director of Economic Stabilization, the Secretary of the Treasury, and other officials "went into a huddle" for the purpose of designing another tax bill. Congress, which the Constitution charges with the responsibility of enacting legislation, is apparently expected, as has been usual in recent years, to accept what the Administration hands it and dutifully place it upon the statute books. To be sure, the Administration is apparently somewhat more careful to observe the amenities so far as Congress is concerned but there is little reason to doubt that the executive department hopes to determine the real character of the legislation to be adopted.

Nothing Constructive

Now if there were any good reason to hope that any legislation which results from all this would clean up the horrible mess of tax laws now already on the statute books, no sensible man with the good of his country at heart would demur. Unfortunately, however, there is no evidence of any likelihood of such an eventuality. The Administration has not revealed in any detail what its present ideas of a new tax law are, but it has been broadly intimated that any general sales tax enacted by Congress would be partly vetoed and the old Treasury favorite, a spendings tax, is again being heard from. This latter proposal is, of course, nothing more than a scheme for about the equivalent of a general sales tax arranged in such a way that the main burden will fall not on everybody but on the same groups who are now paying practically all of the income tax. What other ideas the Treasury has is not clear, but no suggestions have emanated from that office to suggest that anything constructive is to be expected from it.

(Continued on page 2286)

Hecht Urges Govt. To Stimulate Current Income Bond Buying

Says Bank Holdings Should Not Go Higher To Prevent Inflationary Effect

The Government must put forth every effort to stimulate the buying of bonds from the current income of the people and thus further decrease their purchasing power instead of adding to it through the expansion of bank credit, Rudolph S. Hecht, former President of the American Bankers Association, declared on June 10 in an address before the wartime conference of the American Institute of Banking in Chicago.

R. S. Hecht

Mr. Hecht, Chairman of the Board of the Hibernia National Bank in New Orleans, hailed the Treasury's announced plan for eliminating bank subscriptions entirely from the forthcoming Third Victory Loan, saying the Government "realizes that if banks continue to carry so large a percentage of the debt the effect will be inflationary." He stated that at the end of 1942 over half of the Government debt was held by the commercial banks, and when including holdings of the Federal Reserve Banks the total was nearly 60%.

Mr. Hecht continued:

"The scale of Government bond purchases by commercial banks in this war as compared to World War I is somewhat startling. In the three years from 1916 to 1919 our commercial banks increased their holdings by $4,400,000,000; that is hardly more than the banks bought in a single month in 1943. There were twice as many banks in 1918 as there are today, but their total assets were only half as great as those of the present much smaller number of banks. In 1919, banks held about $5,000,000,000 of Government bonds against approximately $60,000,000,000 today. During the last war banks increased their private loans materially—but this time bank loans show a steady decrease and Government securities are a

(Continued on page 2294)

Return To Gold Standard After War Advocated

By W. L. Hemingway, President Of ABA

Direct Loans To Financially Disabled Nations Advocated To Achieve World Stability

Discussing post-war problems, W. L. Hemingway, President of the American Bankers Association, on June 10 advocated return to the gold standard and direct loans to financially disabled nations to help achieve world stability.

According to Associated Press accounts from St. Louis, Mr. Hemingway, in a prepared address to the Missouri Bankers Association, said "it is safe to say that they (the bankers) are unanimously in favor of the restoration of the gold standard as a basis for international financial dealings. *** No other method *** will accomplish the purpose as well as the exchange of gold."

W. L. Hemingway

Expressing the opinion that the United States must lend money to other nations, Mr. Hemingway said "I am convinced that our people will be better satisfied with a procedure whereby we deal directly with the countries that we are to assist, rather than through some international body."

Other necessary steps in the establishment of order in the world, he said, will be provision of food, clothing and other human necessities to both victor and vanquished nations; setting up of policing bodies from military occupation forces and the conversion of war economies to peace economies.

Mr. Hemingway, who is President of the Mercantile-Commerce Bank and Trust Co., St. Louis, also said that plans for the forthcoming Third War Bond Drive are already well under way.

He described the Treasury's new state organizations for conducting the financing drive, which will be used for the first time in the September campaign, and urged all bankers to cooperate fully in making the drive a success by assisting the War Bond organizations now being formed in each state.

Mr. Hemingway declared that the Committee on War Borrowing of the American Bankers Association has recently taken part in a conference with the Secretary of the Treasury and the Federal Reserve officials at which the September campaign and the new state organization system were discussed in detail.

He asserted that Secretary Morgenthau "intends to create the best organization possible in each state," and that the Secretary "urgently desires the continued assistance and cooperation of all the persons who heretofore participated in the War Savings activities and in the work of the Victory Fund Committees."

Turning to the activities of government farm lending agencies, Mr. Hemingway said that these are now 22 agencies in the Federal Government that are lending money to farmers. "Some of these are of long standing," he said. "Others were instituted for emergency purposes such as the RACC and Emergency Crop and Feed Loan. Others like the farm Security Administration were put in operation to provide social benefits.

"The American Bankers Association has given out a statement of policy concerning these agencies, and I wish to emphasize that the officials of the Association are working within the framework of that policy. As you know, a bill has been introduced in Congress to abolish the RACC. We are supporting that bill and expect to present testimony when the public hearings on it are held.

"We have also urged that the government recapture the capital that it has put into these agencies, such as the Production Credit Association, which were intended to be cooperative associations. As pure cooperative associations, we can have no objection to them, and perhaps it was a wise policy for the government to start them off with a subscription to their capital fund. But it seems to us that after this length of time the government's money should be returned, because these associations are now of age and should stand upon their own feet," Mr. Hemingway declared.

"We are opposing and will continue to oppose any government lending agency which is created for the purpose of so-called social benefits. We believe that these are merely the entering wedge for a complete socialization of our economy. Believing in the system of free enterprise, we will naturally combat any inroads on that system."

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From Washington Ahead Of The News

By CARLISLE BARGERON

Looking back over the history of our young country, our young and virgin and unsophisticated country, with its railroad tycoons and its industrial tycoons, our builders, our men who did things, you get the impression of ambition. Ambition of our men is what has been responsible for our growth, for the most amazingly successful attainment in material comfort that the world has ever known.

Now, telescope that whole picture into one single chapter of America at war again and Washington a boom town, draws one big shot after another. Their forebears, you imagine, were men who dug mines, built railroads, established industries—they did something worthwhile. The offsprings come arunning here to Washington, not to develop or build anything, but to add to the confusion. And in the melee, to be crushed, to have their heads cut off. In the process they haven't built anything, they haven't accomplished anything. The only thing they have done is to enjoy a brief period in the headlines.

A society columnist in one of the local papers was complaining snobbishly recently that Washington has certainly changed, was not like its former self. But, she added, we would be glad to know that the daughter of a certain big shot down here was being married to Lieutenant So and So. The facts are that her father went away from here many weeks ago, a victim of the turmoil, and a discredited Big Shot.

What has ever become of Donald Nelson? Your correspondent remembers acutely well when he was around here. He was one of the first czars and I shall never forget the night at a party when he was supposed to say something facetious and instead he sought to give the impression of a "strong" man and bang his fist on the table and said his ambition was to be either of two Nelsons, Nelson at Trafalgar or Battling Nelson, and the guests all muttered, aw, fer gawd's sake.

He has accomplished being neither one of those two men and he is around here now in the name only, without any authority.

We have seen them come and go. There was Leon Henderson, a fellow with no stature but who sprung up to become a household word. The question came to be, if you aren't in favor of Leon, you must be in favor of inflation. If

(Continued on page 2294)

The Financial Situation

(Continued from first page)

A Crude Conception

"The inflationary gap," which Washington statisticians never tire of computing and which the President says is increasing, appears to be responsible for the latest activity in official circles in tax matters. The very conception of this "gap" is crude in the extreme and most official notions of methods to be use in closing it are equally so. He would have to be a naive statistician indeed who believed that he could do more than make a rough guess of the total income of individuals during any given period of time.. He would have to be even more gullible to suppose that he could determine with anything approaching exactitude the amount of such individual income which must be devoted to business obligations and accordingly what part could be left at the disposal of the individual for the purchase of consumers' goods. The task of determining the value of consumers' goods produced, and still more, the value of consumers' goods likely to be produced in some future period is equally beset with grave difficulty.

Strange Notions

But the naivete which leads public officials to cite in dollar form the size of the "inflationary gap," as if such a figure could be arrived at much as petty cash is counted at the end of the day, is fully matched by that exhibited in official notions of means adaptable to remedy the situation. If "the inflationary gap" is defined as the difference between the dollar value of income received by individuals and available to them for expenditure in the consumers' goods markets and the dollar value of consumers' goods in those markets, then of course obviously several factors enter into a determination of the size of the gap. One of them, which the Administration and its advisers seem studiously to ignore, is the volume of consumers' goods produced and therefore available for consumption. Indeed the whole attitude of the Administration toward civilian supplies is a strange one. The prevailing philosophy in Washington seems to be that in total war it is a good thing to have the civilian economy suffer merely for the sake of its soul.

The relatively small portion of the economic effort of various of our allies and our enemies which goes into providing consumption goods seems to cause our own government to feel ashamed that we are devoting more to our civilian life. The fact that the situations existing in England, Germany, Russia, or China are wholly different from that obtaining here seems to make no difference whatever. The whole idea seems to be to produce as little for the civilian population as possible, more or less regardless of whether any such policy is necessary for maximum war production or not. Of course any such program as this directly tends to widen the "gap" which so disturbs the official mind.

Civilian Supply

The first step which should be taken to lessen the width of this "gap" should be the revision of policy as regards civilian supply. We should make every endeavor to produce as large a volume of civilian supplies as it is humanly possible to do without interfering with the maximum war effort. In order to make any such program as this effective, it would be necessary, moreover, to improve the quality of over-all management provided in Washington. The more wisely and effectively that management is carried forward, the more goods for both war purposes and for the civilian population can be produced. For the same reason, as well as many others, the price policy of the Administration needs careful reconsideration. Whether we like it or not, profitable prices stimulate production and equally regardless of our likes or dislikes unprofitable prices can definitely curtail production. This simple elementary fact of economic life either is not understood at all in Washington or else is consistently ignored. The danger of the "roll-back" program now being instituted lies partly in the fact that it widens the "inflationary gap" and partly in the likelihood that it will interfere seriously with production.

Taxing the Wrong Groups

Another false notion dear to the heart of those who shape our national policy is the idea that the "inflationary gap" can be closed by killing taxation of certain groups in the community whose income has not benefited by the war effort. It would appear that there are many who suppose that recent increments of purchasing power can be taken from one group in the population by heavy taxation of another group. The fact is, of course, that the great enlargements of purchasing power that have occurred within the past year or two have accrued to the individuals in the low income groups. Some rather left-handed progress has been made in developing a program for reaching these lower incomes by taxation, but developments to date leave many in the lower brackets relatively untouched by any of the current tax exactions. It is precisely in these groups that the real danger of inflation lies.

Current reports seem to indicate that the Administration is still determined for the time being at least to avoid "forced savings." For this it must be given due credit. It is to be hoped that it will not weaken in this determination. It would appear that the Treasury has assumed quite enough risk in the sale of what amount to demand liabilities in the form of War Savings Bonds and Stamps. These obligations have been placed widely among the people of the United States under great pressure and often with the expressed assurance that the purchaser by acquiring these bonds is in effect laying aside funds with which to buy a new automobile, build a house, or in various other ways satisfy his consumption demands as soon as the fighting ceases. It can hardly be that the great rank and file of the holders of these obligations at the end of the war will not make demands upon the Treasury for cash. It would be extremely short-sighted for the Treasury to add to such burdens imposed upon itself by adopting some plan of "forced savings." It is showing good sense in trying to avoid this danger. Would that it could summon the same wisdom in the development of its other ideas on taxation!

Controls And Management

"These reveal most emphatically the importance of looking ahead and planning the use of resources. Increasing tightness, coordination and intensity of government controls over production (as well as other aspects of the economy) are unavoidable in 1943. There are many who feel that this trend, required to bring about the quickest possible victory, represents a giving-up on the home front of what is being fought for on the battle-front.

"Certainly the decision to intensify government controls can be successful and compatible with our democratic system only if the controls are developed and frequently appraised through a process of consultation with the people, and are administered in such a manner as to assure equality of sacrifice.

"If the imposition of more severe controls earlier in the war will bring about a more immediate victory, it may be highly desirable to subject ourselves to greater group discipline in order that we may more promptly dispose of the entire war problem and return to peacetime pursuits."—Donald M. Nelson.

Every one, of course, recognizes that controls alien to our peace time normal existence are essential in times of war.

Every one should be equally aware that controls are no substitute for sound policy and able management.

Better management, not more controls, is the urgent need of the day.

The State Of Trade

Most of the heavy industries continued to show declines for the week, with retail business again showing substantial gains.

Carloadings of revenue freight showed a marked drop for the week ended June 5, which included the Memorial Day holiday, totalling 667,575 cars, according to the Association of American Railroads. This was a decrease of 184,943 cars from the preceding week this year, 187,114 cars fewer than the corresponding week in 1942, and 185,365 cars under the like period two years ago.

This total was 94.73% of average loadings for the corresponding week of the 10 preceding years.

Electric power production declined last week under the double impact of the coal strike and the Memorial Day holiday, according to the Edison Electric Institute, although generator output ran well ahead of 1942 figures.

For the week ended June 5, total distribution was 3,925,893,000 kilowatt hours, the Institute said, compared with 3,990,040,000 the week before and 3,732,374,000 in the like 1942 week.

Power demand for the nation as a whole ran 16.4% ahead of 1942. The previous week's output had been 20.1% ahead of year earlier figures.

Consolidated Edison Company of New York announces output for the week ended June 6, totaled 179,800,000 hours, compared with 144,300,000 for the like 1942 week, an increase of 24.6%.

Steel production in the United States is scheduled at 97.8% of rated capacity this week, equivalent to output of 1,693,600 net tons of ingots and castings for the seven days, according to the American Iron & Steel Institute. Last week the operating rate was 97.5% and output 1,688,400 tons. For the like 1942 period, 1,669,700 net tons were produced.

An important factor in the tightening situation in steel delivery may be found in increased exports of semi-finished material, the magazine "Steel" reports.

"Present indications are third-quarter movement will be the heaviest in more than a year, in sharp contrast with last fall, when tonnage accumulated at ports was offered for sale and orders on mill books were canceled," the trade publication continued.

Ingot production droppel 2 points last week to 96½% of estimated national capacity, or the lowest rate since March, 1942, "Steel" calculated.

Civil engineering construction volume in continental United States totals $69,644,000 for the week, "Engineering News-Record" announced. This volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding, is 82% lower than the total for the corresponding week in 1942, and compares with $106,873,000 reported for the holiday-shortened preceding week by "Engineering News-Record."

Private construction is 52% higher than in the week last year, but this gain is more than offset by the 84% decline in public work. Federal construction is 86% lower than a year ago, and State and municipal work is down 14%.

The current week's construction brings 1943 volume to $1,668,276,000, an average of $72,534,000 for each of the 22 weeks. On the weekly average basis, 1943 volume is 62% below the $4,590,785,000 reported for the 23-week period in 1942. Private construction, $213,022,000, is 31% lower than a year ago, and public work, $1,455,254,000 is down 64% when adjusted for the difference in the number of weeks.

Department store sales on a country wide basis were up 1% for the week ending June 5, compared with the corresponding week a year ago, according to the Federal Reserve Board.

Store sales were up 19% for the four weeks ending June 5, compared with the same period a year ago.

Department store sales in New York City in the week ended June 12 were 26% larger than in the like 1942 week, according to a preliminary estimate issued by the New York Federal Reserve Bank. Part of the increase, the bank pointed out, was attributable to the fact that in the corresponding week last year some of the stores used in the compilation were closed because of a parade.

In the previous week, ended June 5, sales of this group of stores were 3% better than in the comparable 1942 week.

Buying of summer merchandise stimulated retail sales this week, with especially brisk business in apparels generally and women's wear in particular, according to Dun & Bradstreet, Inc.

Retail sales of all stores in the United States aggregated $5,194,000,000 during April, according to the Department of Commerce, an increase of fully 13% over the total for April, 1942. This comparison belies the many prophecies of a severe decline in the volume of goods and services that would be available for civilian consumers this year.

The War Production Board still expects a curtailment of supplies for civilian use during the final months of the year. Its latest estimate, just released by the Office of War Information, predicts a 20% decline during the final three months of the year. Even then, however, the aggregate value of all goods and services bought by civilians during 1943 would approximate the $90,000,000,000 level attained in 1942, observers state.

Record Naval Bill Is Approved By Senate

A bill appropriating $24,850,000,000 for operation of the Navy Department in the 1944 fiscal year was approved on June 7 by the Senate. This record naval bill also contains $4,800,000,000 in direct contract authority. Since the measure was changed from the form in which it passed the House on May 19 a joint conference committee will adjust differences, which principally involve transferring certain items from cash appropriations to contract authority.

The major items in the 1944 Navy bill are a program of additional aircraft construction amounting to $4,943,725,000; ship construction program totaling $9,118,120,000 and $3,476,800,000 for ordnance.

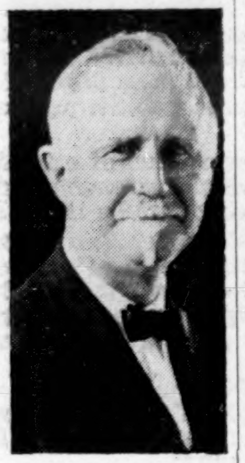
House passage of the measure was noted in our issue of May 27, page 1986.

Preparing For After War Conditions

Roger W. Babson Gives Rules For Every Businessman

Although I do not expect the European and Asiatic conflicts to be over until after the election in 1944, yet the time is fast approaching. Hence, it will be well for all businessmen—large and small—now to prepare a definite plan of post-war action. Certainly the "old days" will not return. New methods and policies are inevitable. Those who properly plan their work should succeed, but many of those who do not, will go under.

Study Profitable Items


Roger W. Babson

Perhaps the first step is to make a survey of your present business and find out which departments and items are profitable and which are not. The present time gives every business man a wonderful opportunity to cut non-profitable lines and various unnecessary customs which have developed during the past years. It is surprising how many of these can be eliminated without hurting the customer or the employee. These eliminations should be made before the war is over.

After the war, merchants will become more and more specialists. Competition will be very keen, both with American concerns and with foreign competitors. This means that costs must be cut to a minimum which can be done partly by standardization. The lines carried should be the very latest and best, but they should not be too extensive. It will be more profitable to give the best service at a low price carrying fewer lines. This often requires opposing both your own salesmen and the salesmen trying to sell you goods.

Base Costs on Normal Sales

When peace comes there will be a temptation to expand. Customers will be rushing in and demanding goods which you are not carrying; while returning soldiers and munition workers will be urging you to give them jobs. Such of your former employees who have been drafted, you must take back if they apply within 60 days after their discharge; but it will not be patriotic to hurriedly enlarge your whole organization. Any business boom which takes place after peace will not continue indefinitely. Therefore it is very important to base your stock and your labor costs on a normal business which can be depended upon to continue. Keep down fixed burdens such as rent, interest charges and other overhead costs.

Cooperate With the Government

Do not be upset by all the reports which you are obliged to fill out and by the various restrictions and regulations to which you are subjected. Get used to these things and quit trying to buck the inevitable. As long as our competitors are also subject to them, we should cooperate with the Government. Above all things, do not put in evasive or dishonest reports.

All of us should, of course, take on certain work when the Government requests us to do so. On the other hand, let us not be hogs and take too much when other concerns are willing to take it for the same price. Hold at least 30% of your normal business, independent of the Government or war. Have in permanent stock only commodities which will be needed after the war. Many Government contracts with concerns on the Atlantic Seaboard will be cancelled when an armistice is declared with Germany. Contracts everywhere may be cancelled when an armistice is declared with Japan also.

Avoid Debt

As far as possible, these war-time conditions should be used for getting out of debt. The theory that it is good to go into a period of inflation with a large debt is wrong. Wise business men will make little or no capital expansions at the present time. The conditions facing us after the war will be so very different than they are today, we should enter them with large cash reserves and no debts.

It is unwise now to speculate in raw materials or manufactured goods. There is no telling what prices will be after the war. The prices for some commodities will then go up, while the prices for other commodities will then go down. It is bad enough to have any slow-moving items on hand when peace comes, but by all means avoid unnecessary commitments.

Insure Accounts Receivable

In addition to providing yourself with sufficient working capital and guarding against inventory losses, it is well carefully to watch receivables. If possible, keep these down to a 30-day basis. Even though you are careful in providing for post-war reserves, many of your customers will not be so careful. Hence, when the Government and sub-contractors cancel their contracts, the latter may be unable to pay you what they owe you. Thus it is well to insure certain accounts receivable.

Companies having outstanding cumulative preferred stocks should try to retire such issues. This would be in addition to eliminating bond issues and bank loans. It is also wise to set up a sinking fund of 1% of the net sales from now on to provide for losses on any receivables which are not properly insured. By all means do not "grab" for new war business at the present time.

What About Salaries?

The salary situation is now pretty well frozen, so that it is very difficult to raise salaries even if desirable. Cases that are worthy of increases should be handled by bonuses so as to avoid unpleasant readjustments after the war is over. Salesmen can be kept on a sliding scale, but this should be based on profits rather than on volume. Although the temptation today is to keep all employees, yet there are some who could now wisely be let go to their advantage as well as yours.

Money In Circulation

The Treasury Department in Washington has issued the customary monthly statement showing the amount of money in circulation after deducting the moneys held in the United States Treasury and by Federal Reserve Banks and agents. The figures this time are for April 30, 1943, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $16,659,573,874 as against $16,249,773,305 on March 31, 1943, and $11,766,865,667 on April 30, 1942, and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is, on June 30, 1914, the total was $3,459,434,174.

Labor Urges Veto Of Anti-Strike Bill

Organized labor has made direct appeals to President Roosevelt to veto the Connally-Smith bill outlawing strikes in government-operated war plants and imposing new restrictions on union activities.

The bill reached the President's desk on June 14 and Mr. Roosevelt has ten days to sign or veto it or allow it to become law without his signature.

The legislation strengthens the War Labor Board's power to deal with the coal wage and other disputes disrupting production, requires a thirty-day notice and majority vote on a secret ballot before a strike could be called in any privately operated war industry, and bans union contributions to political campaigns.

Final Congressional action on the measure came on June 12 when the Senate by a vote of 55 to 22 approved the compromise draft worked out by a joint conference committee. The House had adopted the final version on June 11 by a vote of 219 to 130. The original bill, sponsored by Senator Connally (Dem., Tex.) passed the Senate on May 5 by a 63 to 16 vote. However, the House on June 4 by a vote of 231 to 141 approved a much more drastic measure containing the major provisions of the bill of Representative Smith (Dem., Va.), which the House passed in December, 1941, but the Senate shelved. This necessitated the working out of a compromise by a conference group.

The bill in its final form also provides penalties of $5,000 fine or one year's imprisonment for persons who aid in the interruption of work in Government-operated mines or factories.

On June 14 William Green, President of the American Federation of Labor, appealed to President Roosevelt to veto "this un-American, Fascist, anti-labor legislation." In a letter to the President, Mr. Green said the legislation "strikes at the very heart of democratic processes and is violative of the fundamental principles of freedom upon which our form of government rests."

He added that "the Congress of the United States rendered the nation a great disservice" when it passed the measure.

"This disservice," Mr. Green wrote, "will be reflected in the lowered morale of working men and women, in the development of widespread discontent, and in the impairment of efficiency.

"The workers of our country would never become reconciled to this legislation. They would protest against it and rebel against it in the event it would become the law of the land."

Philip Murray, President of the Congress of Industrial Organizations, sent a letter to the President on June 15 urging him to veto the bill, declaring that it would "hamper and stifle the production of our munitions of war through the demoralization of the workers on the production front."

Weiner Resigns WPB Post

Joseph L. Weiner, former head of the War Production Board's Office of Civilian Supply, has resigned from the WPB, effective June 14, and Chairman Donald M. Nelson has accepted the resignation.

Mr. Weiner had been Director of the Office of Civilian Supply from December, 1942, until April 15, 1943, when this agency was replaced by the new Office of Civilian Requirements, under Arthur D. Whiteside. He agreed to remain with the new organization for a 60-day period while Mr. Whiteside familiarized himself with the work.

Mr. Weiner had been Deputy Director of civilian supply under Leon Henderson from May, 1941, until Mr. Henderson resigned as Director in December, 1942.

The appointment of Mr. Whiteside was reported in our issue of April 29, page 1597.

Reciprocal Trade Agreements Act Extended For Two Years Without Any Restrictions

President Roosevelt signed on June 7 the joint resolution extending for two years his authority to enter into reciprocal trade agreements with foreign governments. Congressional action on the legislation was completed on June 2 when the Senate by a vote of 59 to 23 approved the measure in the form in which it passed the House on May 13.

The renewal of the authority without any "crippling" amendments was a major victory for the administration since Secretary of State Hull had urged Congress not to insert any limitations on the trade agreements program. The authority of the President to enter into agreements under the act was originally adopted in 1934 for a term of three years only and it was renewed twice since each time for a three-year period. The resolution expiring June 12 was also for a three-year extension but the House reduced it to two years and the administration did not seek to raise it.

Under the Trade Agreements Act, the President can adjust tarriffs upward or downward 50% in return for reciprocal concessions by foreign governments. During the past nine years reciprocal trade agreements have been concluded with 29 countries, which account for more than 65% of the total foreign trade of the United States.

Before reaching the final vote on June 2, the Senate defeated a number of proposals designed to restrict the program. One of these was an amendment offered by Senator Maloney (Dem., Conn.) to require ratification of the agreements to a two-thirds vote of the Senate. This was rejected by a 44 to 33 vote. On the previous day, June 1), the Senate turned down, by a vote of 50 to 31 a proposal offered by Senator O'Mahoney (Dem., Wy.) providing that no future agreements could become operative without prior approval by Congress. A Republican-sponsored proposal, presented by Senator Danaher of Connecticut, to impower Congress to terminate any of the trade agreements by joint resolutions six months after the war was defeated by a vote of 51 to 33. This latter provisions had been included in the resolution when it was reported to the floor of the Senate by its Finance Committee on May 19. At that time, Secretary Hull voiced his formal protest against the amendment declaring that it threatened existing agreements with destruction after the war and charging that it would turn this and other nations "away from international economic cooperation" and open the way for a return to "economic nationalism, with serious effects upon both the domestic and international situations."

In the final Senate passage of the measure were 41 Democrats and 18 Republicans favoring extensions and 14 Republicans, 8 Democrats and 1 Progressive opposing.

Continuation of the reciprocal trade agreements program for a two-year period was voted by the House on May 13 by a vote of 342 to 65.

The administration had sought a three-year extension of the act but the Republicans in the House succeeded in cutting the period to two years. This was the only change in the measure since the Democrats were able to defeat a number of Republican efforts to bring the trade pacts under a veto power of Congress. In the final vote a majority of the Republicans joined the Democrats in continuing the program. Voting for the extension were 195 Democrats, 145 Republicans and two members of minor parties. Those opposing it were 11 Democrats, 52 Republicans and two members of minor parties.

The vote on the amendment to give Congress veto powers was 170 to 149.

Secretary Hull appeared before the Senate Finance Committee on May 17, testifying that a clear-cut extension of this authority would be of even greater historical significance than its original adoption.

The House Ways and Means Committee's approval of a two-year extension was noted in our issue of April 29, page 1593.

Baruch To Advise Byrnes

James F. Byrnes, Director of the new Office of War Mobilization, announced on June 9 that Bernard M. Baruch, Chairman of the War Industries Board in the first World War, has been appointed to his personal staff and will serve in an advisory capacity without salary.

Mr. Baruch has been serving as an unofficial adviser to President Roosevelt since the defense program got under way three years ago and headed a rubber-investigating committee for the President last year.

Mr. Baruch declared on June 10 that "internal bickering has hurt the war effort and confused the public," and expressed hope that Mr. Byrnes will stop it.

The Associated Press reported Mr. Baruch as asserting:

"Any call from so fine a man and so old a friend as Justice Byrnes commands my best efforts.

"If I can do anything to help the country I am happy at the opportunity. In taking on this work I am assuming that the Office of War Mobilization will be effective, and that it is to be the final expression of the Commander in Chief and, therefore, it will not be bypassed or sidetracked.

"Justice Byrnes, if not blocked, will improve things by more clearly defining the work of each administrator and stopping all this infernal bickering which has hurt the war effort and confused the public."

Treasury Plans To Borrow $2.5 Billion In 'New Money'

Secretary of the Treasury Morgenthau announced on June 6 that the Treasury plans to borrow about $2,500,000,000 of "new money" around the end of this month (June 28) in order to tide it over before the regularly scheduled third war loan campaign in September. The details of the securities to be offered were not revealed but it was said that the maturity will not be more than ten years. Officials said the money is needed to supplement the $4,000,000,000 in second quarter income tax instalment payments and other tax payments. Mr. Margenthau said on June 7 that June 28 has been set for the offering.

Secretary Morgenthau also announced on June 6 that all outstanding 3¼% Treasury bonds of 1943-45 have been called for redemption on Oct. 15. In making this announcement, Secretary Morgenthau said holders of the 3¼% bonds may be offered in advance of the redemption date the privilege of exchanging them for other Treasury obligations. The 3¼% bonds outstanding approximate $1,401,000,000.

Spain Planning To Pay Frozen U. S. Claims

The Spanish Government is planning an early settlement of the claims of American exporters owning pre-Civil War funds now "frozen" in that country, and the probability is that amounts under $1,000 will be paid first, it was reported on June 14 by Antonio B. Caragol, President of the American Chamber of Commerce in Spain. The information, he said, is based on cable advices just received from the chamber, which is composed of the representatives of United States business organizations in Spain.

In reporting the foregoing, the New York "Times" of June 15 also said:

According to Mr. Carogol, who is associated with the United States Machinery Co., Inc., 90 Broad Street, the settlement is being worked out by a ministerial committee of the Spanish Government. The general validity of the claims has been officially recognized, he said, but the difference between the 1936 rate for pesetas of 7.30 and the figure of 11 now current will probably not be recognized by the government. Exporters seeking such adjustments will be expected to make whatever arrangements they can with the Spanish importers involved.

The chamber's information, Mr. Caragol explained, is that the Spanish Government has been setting aside a percentage of dollar collections for the purpose of honoring the merchandise credits held here. The amount of such credits outstanding he estimated "very roughly" at between $11,000,000 and $12,000,000. Claims under $1,000, which Mr. Caragol said would probably be completely satisfied before the end of this year, constitute the numerical bulk, "at least 60%," of the total.

Pointing out that the recent purchases of the United States Government in Spain "have reversed the exchange picture," creating a reservoir of dollar balances to facilitate the settlement, Mr. Caragol estimated the total now held by Spain at $60,000,000.

"But the Spanish Government has given every indication of a desire to settle these blocked credits as promptly as possible," he said. "The disposition was first evidenced in 1941 when it permitted payment of a percentage of the cost of certain Spanish exports through the utilization of the blocked credits.

"Since then the nation's dollar position has turned around and there is a large balance of dollars created by the purchases we make in Spain and by the amounts spent by our various government agencies stationed there. There is no doubt that a complete and generally satisfactory settlement of the outstanding merchandise credits originating prior to the civil war may be expected in the near future."

Asked about the report that American exporters would be expected to collect the difference in the rates of exchange from the Spanish importers who might be unwilling or unable to make any adjustment, Mr. Caragol explained that the matter was one of the details still under discussion. The method of collection and payment is also yet to be determined, he said.

"Any settlement, however, is in the nature of a windfall," Mr. Caragol continued. "Remember that the majority of American exporters following sound bookkeeping practices wiped these claims off long ago—in fact, probably during the war, right after they were frozen."

Text Of Current Tax Payment Act Of 1943

We are giving below the full text of the new "Current Tax Payment Act of 1943" which became a law on June 10 when President Roosevelt affixed his signature to the legislation.

Final Congressional action on the-pay-as-you-go tax bill, abating 75% to 100% of a year's payments, came on June 2 when the Senate adopted the conference report by a vote of 62 to 19.

The Senate action on the compromise bill came after the House had approved it by a vote of 256 to 114 on June 1. This brought to a close more than four months of debate on one of the most controversial subjects ever before Congress.

The original House bill was enacted on May 4 and the Senate approved its version of the legislation on May 14.

Following is the text of the bill as finally enacted.

[Public Law 68—78th Congress]
[Chapter 120—1st Session]
[H. R. 2570]

AN ACT

To provide for the current payment of the individual income tax, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Current Tax Payment Act of 1943".

(b) Meaning of Terms Used—Except as otherwise expressly provided, terms used in this Act shall have the same meaning as when used in the Internal Revenue Code.

SEC. 2. Collection of Tax At Source On Wages—

(a) In General—Chapter 9 of the Internal Revenue Code (relating to employment taxes) is amended by inserting at the end thereof the following new subchapters:

"SUBCHAPTER D—COLLECTION OF INCOME TAX AT SOURCE ON WAGES

"SEC. 1621. Definitions

"As used in this subchapter—

"(a) Wages—The term 'wages' means all remuneration (other than fees paid to a public official) for services performed by an employee for his employer, including the cash value of all remuneration paid in any medium other than cash; except that such terms shall not include remuneration paid—

"(1) for services performed as a member of the military or naval forces of the United States, other than pensions and retired pay includible in gross income under Capter 1, or

"(2) for agricultural labor (as defined in section 1426 (h)), or

"(3) for domestic service in a private home, local college club, or local chapter of a college fraternity or sorority, or

"(4) for casual labor not in the course of the employer's trade or business, or

"(5) for services by a citizen or resident of the United States for a foreign government or for the government of the Commonwealth of the Philippines, or

"(6) for services performed by a nonresident alien individual, other than a resident of a contiguous country who enters and leaves the United States at frequent intervals, or

"(7) for such services performed by a nonresident alien individual who is a resident of a contiguous country and who enters and leaves the United States at frequent intervals, as may be designated by regulations prescribed by the Commissioner with the approval of the Secretary, or

"(8) for services for an employer performed by a citizen or resident of the United States while outside the United States (as defined in section 3797 (a) (9)) if the major part of the services for such employer during the calendar year is to be performed outside the United States, or

"(9) for services performed as a minister of the gospel.

For the purpose of paragraph (8) services performed on or in connection with an American vessel (as defined in section 1426 (g)) under a contract of service which is entered into within the United States or during the performance of which the vessel touches at a port in the United States, or on or in connection with any vessel as an employee of the United States employed through the War Shipping Administration, shall not constitute services performed outside the United States.

"(b) Payroll Period—The term 'payroll period' means a period for which a payment of wages is ordinarily made to the employee by his employer, and the term 'miscellaneous payroll period' means a payroll period other than a daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll period.

"(c) Employee—The term 'employee' includes an officer, employee, or elected official of the United States, a State, Territory or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing. The term 'employee' also includes an officer of a corporation.

"(d) Employer—The term 'employer' means the person for whom an individual performs or performed any service, of whatever nature, as the employee of such person, except that—

"(1) if the person for whom the individual performs or performed the services does not have control of the payment of the wages for such services, the term 'employer' (except for the purposes of subsection (a)) means the person having control of the payment of such wages; and

"(2) in the case of a person paying wages on behalf of a nonresident alien individual, foreign partnership, or foreign corporation, not engaged in trade or business within the United States, the term 'employer' (except for the purposes of subsection (a)) means such person.

"(e) Single Person—The term 'single person' means a person with respect to whom a withholding exemption certificate is in effect under section 1622 (h) stating that such person is single, or is married and not living with husband or wife, and is not the head of a family.

"(f) Married Person—The term 'married person' means a person with respect to whom a withholding exemption certificate is in effect under section 1622 (h) stating that he is married and living with husband or wife.

"(g) Married Person Claiming All of Personal Exemption for Withholding—The term 'married person claiming all of personal exemption for withholding' means a married person with respect to whom a withholding exemption certificate is in effcet under section 1622 (h) stating that for the purposes of this subchapter such person claims all of the personal exemption and that for the purposes of this subchapter his spouse is claiming none of the personal exemption.

"(h) Married Person Claiming Half of Personal Exemption for Withholding—The term 'married person claiming half of the personal exemption for withholding' means a married person with respect to whom a withholding exemption certificate is in effect under section 1622 (h) stating that for the purposes of this subchapter such person claims half of the personal exemption and that for the purposes of this subchapter his spouse is claiming not more than half of such exemption.

"(i) Married Person Claiming None of Personal Exemption For Withholding—The term 'married person claiming none of the personal exemption for withholding' means a married person with respect to whom a withholding exemption certificate is in effect under section 1622 (h) making no claim with respect to the personal exemption for the purposes of this subchapter.

"(j) Head of Family—The term 'head of a family' means a person with respect to whom a withholding exemption certificate is in effect under section 1622 (h) stating that he is the head of a family.

"(k) Dependent—The term 'dependent' means a person included in a withholding exemption certificate in effect under section 1622 (h) as a person dependent upon and receiving his chief support from the employee and either under eighteen years of age or incapable of self-support because mentally or physically defective.

"SEC. 1622. Income Tax Collected At Source

"(a) Requirement of Withholding—Every employer making payment of wages shall deduct and withhold upon such wages a tax equal to the greater of the following:

"(1) 20 per centum of the excess of each payment of such wages over the family status withholding exemption allowable under subsection (b) (1) (A), or

"(2) 3 per centum of the excess of each payment of such wages over the Victory tax withholding exemption allowable under subsection (b) (1) (B).

"(b) Withholding Exemption—

"(1) In computing the tax required to be deducted and withheld under subsection (a), there shall be allowed as a withholding exemption with respect to the wages paid for each payroll period—

"(A) in computing the tax required to be deducted and withheld under subsection (a) (1), a family status withholding exemption determined in accordance with the following schedule:

"Family Status Withholding Exemption

"Payroll period	Single person	Married person claiming whole of personal exemption for withholding or head of family	Married person claiming half of personal exemption for withholding	Married person claiming none of personal exemption for withholding	Each dependent, other than the first dependent in the case of the head of a family
Weekly	$12	$24	$12	0	$6
Biweekly	$24	$48	$24	0	$12
Semimonthly	$26	$52	$26	0	$12
Monthly	$52	$104	$52	0	$26
Quarterly	$156	$312	$156	0	$78
Semimonthly	$312	$624	$312	0	$156
Daily of miscellaneous (per day of such period	$3.40	$3.40	$1.70	0	$.85
Annual	$624	$1,248	$624	0	$12

"(B) in computing the tax required to be deducted and withheld under subsection (a) (2), a Victory tax withholding exemption determined in accordance with the following schedule:

"Payroll Period	Victory Tax Withholding Exemption
Weekly	$12.00
Biweekly	24.00
Semimonthly	26.00
Monthly	52.00
Quarterly	156.00
Semiannual	312.00
Annual	624.00
Daily or Miscellaneous (per day of such period)	1.70

"(2) If wages are paid with respect to a period which is not a payroll period, the withholding exemption allowable with respect to each payment of such wages shall be the exemption allowed for a miscellaneous payroll period containing a number of days (including Sundays and holidays) equal to the number of days in the period with respect to which such wages are paid.

"(3) In any case in which wages are paid by an employer without regard to any payroll period or other period, the withholding exemption allowable with respect to each payment of such wages shall be the exemption allowed for a miscellaneous payroll period containing a number of days equal to the number of days (including Sundays and holidays) which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

"(4) In any case in which the period, or the time described in paragraph (3), in respect of any wages is less than one week, the Commissioner, under regulations prescribed by him with the approval of the Secretary, may authorize an employer, in computing the tax required to be deducted and withheld, to use the excess of the aggregate of the wages paid to the employee during the calendar week over the withholding exemption allowed by this subsection for a weekly payroll period.

"(5) In determining the amounted to be deducted and withheld under this subsection, the wages may, at the election of the employer, be computed to the nearest dollar.

"(c) Wage Bracket Withholding—

"(1) At the election of the employer with respect to any employee, the employer shall deduct and withhold upon the wages paid to such employee a tax determined in accordance with the following tables, which shall be in lieu of the tax required to be deducted and withheld under subsection (a).

If the payroll period with respect to an employee is weekly

And the wages are		And, (1) such person is a married person claiming none of personal exemption for withholding and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
				Or, (2) such person is a married person claiming half of personal exemption for withholding and has—							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
				Or, (3) such person is a single person and has—							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
						Or, (4) such person is a married person claiming all of personal exemption for withholding and has—					
						No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents
						Or, (5) such person is head of a family and has—					
						No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents
At least	But less than	The amount of tax to be withheld shall be—									
$0	$10	$1.00									
10	15	2.50	$1.30	$0.10							
15	20	3.50	2.30	1.10	$0.20	$0.20	$0.20	$0.20	$0.20	$0.20	$0.20
20	25	4.50	3.30	2.10	.90	.30	.30	.30	.30	.30	.30
25	30	5.50	4.30	3.10	1.90	.70	.50	.50	.50	.50	.50
30	40	7.00	5.80	4.60	3.40	2.20	1.00	.70	.70	.70	.70
40	50	9.00	7.80	6.60	5.40	4.20	3.00	1.80	1.00	1.00	1.00
50	60	11.00	9.80	8.60	7.40	6.20	5.00	3.80	2.60	1.40	1.30
60	70	13.00	11.80	10.60	9.40	8.20	7.00	5.80	4.60	3.40	2.20
70	80	15.00	13.80	12.60	11.40	10.20	9.00	7.80	6.60	5.40	4.20
80	90	17.00	15.80	14.60	13.40	12.20	11.00	9.80	8.60	7.40	6.20
90	100	19.00	17.80	16.60	15.40	14.20	13.00	11.80	10.60	9.40	8.20
100	110	21.00	19.80	18.60	17.40	16.20	15.00	13.80	12.60	11.40	10.20
110	120	23.00	21.80	20.60	19.40	18.20	17.00	15.80	14.60	13.40	12.20
120	130	25.00	23.80	22.60	21.40	20.20	19.00	17.80	16.60	15.40	14.20
130	140	27.00	25.80	24.60	23.40	22.20	21.00	19.80	18.60	17.40	16.20
140	150	29.00	27.80	26.60	25.40	24.20	23.00	21.80	20.60	19.40	18.20
150	160	31.00	29.80	28.60	27.40	26.20	25.00	23.80	22.60	21.40	20.20
160	170	33.00	31.80	30.60	29.40	28.20	27.00	25.80	24.60	23.40	22.20
170	180	35.00	33.80	32.60	31.40	30.20	29.00	27.80	26.60	25.40	24.20
180	190	37.00	35.80	34.60	33.40	32.20	31.00	29.80	28.60	27.40	26.20
190	200	39.00	37.80	36.60	35.40	34.20	33.00	31.80	30.60	29.40	28.20
$200 or over		20% of the excess over $200 plus									
		$40.00	$38.80	$37.60	$36.40	$35.20	$34.00	$32.80	$31.60	$30.40	$29.20

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by $1.20 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are $200 or over, of the excess of the wages) over $12, computed, in case such amount is not a multiple of $0.10, to the nearest multiple of $0.10.

If the payroll period with respect to an employee is biweekly

And the wages are		And, (1) such person is a married person claiming none of personal exemption for withholding and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
				Or, (2) such person is a married person claiming half of personal exemption for withholding and has—							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
				Or, (3) such person is a single person and has—							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
						Or, (4) such person is a married person claiming all of personal exemption for withholding and has—					
						No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents
						Or, (5) such person is head of a family and has—					
						No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents
At least	But less than	The amount of tax to be withheld shall be—									
$0	$20	$2.00									
20	30	5.00	$2.60	$0.20							
30	40	7.00	4.60	2.20	$0.30	$0.30	$0.30	$0.30	$0.30	$0.30	$0.30
40	50	9.00	6.60	4.20	1.80	.60	.60	.60	.60	.60	.60
50	60	11.00	8.60	6.20	3.80	1.40	.90	.90	.90	.90	.90
60	80	14.00	11.60	9.20	6.80	4.40	2.00	1.40	1.40	1.40	1.40
80	100	18.00	15.60	13.20	10.80	8.40	6.00	3.60	2.00	2.00	2.00
100	120	22.00	19.60	17.20	14.80	12.40	10.00	7.60	5.20	2.80	2.60
120	140	26.00	23.60	21.20	18.80	16.40	14.00	11.60	9.20	6.80	4.40
140	160	30.00	27.60	25.20	22.80	20.40	18.00	15.60	13.20	10.80	8.40
160	180	34.00	31.60	29.20	26.80	24.40	22.00	19.60	17.20	14.80	12.40
180	200	38.00	35.60	33.20	30.80	28.40	26.00	23.60	21.20	18.80	16.40
200	220	42.00	39.60	37.20	34.80	32.40	30.00	27.60	25.20	22.80	20.40
220	240	46.00	43.60	41.20	38.80	36.40	34.00	31.60	29.20	26.80	24.40
240	260	50.00	47.60	45.20	42.80	40.40	38.00	35.60	33.20	30.80	28.40
260	280	54.00	51.60	49.20	46.80	44.40	42.00	39.60	37.20	34.80	32.40
280	300	58.00	55.60	53.20	50.80	48.40	46.00	43.60	41.20	38.80	36.40
300	320	62.00	59.60	57.20	54.80	52.40	50.00	47.60	45.20	42.80	40.40
320	340	66.00	63.60	61.20	58.80	56.40	54.00	51.60	49.20	46.80	44.40
340	360	70.00	67.60	65.20	62.80	60.40	58.00	55.60	53.20	50.80	48.40
360	380	74.00	71.60	69.20	66.80	64.40	62.00	59.60	57.20	54.80	52.40
380	400	78.00	75.60	73.20	70.80	68.40	66.00	63.60	61.20	58.80	56.40
$400 or over		20% of the excess over $400 plus									
		$80.00	$77.60	$75.20	$72.80	$70.40	$68.00	$65.60	$63.20	$60.80	$58.40

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by $2.40 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are $400 or over, of the excess of the wages) over $24, computed, in case such amount is not a multiple of $0.10, to the nearest multiple of $0.10.

If the payroll period with respect to an employee is semimonthly

And the wages are		And, (1) such person is a married person claiming none of personal exemption for withholding and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
				Or, (2) such person is a married person claiming half of personal exemption for withholding and has—							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
				Or, (3) such person is a single person and has—							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
						Or, (4) such person is a married person claiming all of personal exemption for withholding and has—					
						No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents
						Or, (5) such person is head of a family and has—					
						No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents
At least	But less than	The amount of tax to be withheld shall be—									
$0	$20	$2.00									
20	30	5.00	$2.40								
30	40	7.00	4.40	$1.80	$0.30	$0.30	$0.30	$0.30	$0.30	$0.30	$0.30
40	50	9.00	6.40	3.80	1.20	.60	.60	.60	.60	.60	.60
50	60	11.00	8.40	5.80	3.20	.90	.90	.90	.90	.90	.90
60	80	14.00	11.40	8.80	6.20	3.60	1.30	1.30	1.30	1.30	1.30
80	100	18.00	15.40	12.80	10.20	7.60	5.00	2.40	1.90	1.90	1.90
100	120	22.00	19.40	16.80	14.20	11.60	9.00	6.40	3.80	2.50	2.50
120	140	26.00	23.40	20.80	18.20	15.60	13.00	10.40	7.80	5.20	3.10
140	160	30.00	27.40	24.80	22.20	19.60	17.00	14.40	11.80	9.20	6.60
160	180	34.00	31.40	28.80	26.20	23.60	21.00	18.40	15.80	13.20	10.60
180	200	38.00	35.40	32.80	30.20	27.60	25.00	22.40	19.80	17.20	14.60
200	220	42.00	39.40	36.80	34.20	31.60	29.00	26.40	23.80	21.20	18.60
220	240	46.00	43.40	40.80	38.20	35.60	33.00	30.40	27.80	25.20	22.60
240	260	50.00	47.40	44.80	42.20	39.60	37.00	34.40	31.80	29.20	26.60
260	280	54.00	51.40	48.80	46.20	43.60	41.00	38.40	35.80	33.20	30.60
280	300	58.00	55.40	52.80	50.20	47.60	45.00	42.40	39.80	37.20	34.60
300	320	62.00	59.40	56.80	54.20	51.60	49.00	46.40	43.80	41.20	38.60
320	340	66.00	63.40	60.80	58.20	55.60	53.00	50.40	47.80	45.20	42.60
340	360	70.00	67.40	64.80	62.20	59.60	57.00	54.40	51.80	49.20	46.60
360	380	74.00	71.40	68.80	66.20	63.60	61.00	58.40	55.80	53.20	50.60
380	400	78.00	75.40	72.80	70.20	67.60	65.00	62.40	59.80	57.20	54.60
$400 or over		20% of the excess over $400 plus									
		$80.00	$77.40	$74.80	$72.20	$69.60	$67.00	$64.40	$61.80	$59.20	$56.60

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by $2.60 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages fall (or if the wages paid are $400 or over, of the excess of the wages) over $26, computed, in case such amount is not a multiple of $0.10, to the nearest multiple of $0.10.

If the payroll period with respect to an employee is monthly

And the wages are		And, (1) such person is a married person claiming none of personal exemption for withholding and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
				Or, (2) such person is a married person claiming half of personal exemption for withholding and has—							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
				Or, (3) such person is a single person and has—							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
						Or, (4) such person is a married person claiming all of personal exemption for withholding and has—					
						No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents
						Or, (5) such person is head of a family and has—					
						No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents
At least	But less than	The amount of the tax to be withheld shall be—									
$0	$40	$4.00									
40	50	9.00	$3.80								
50	60	11.00	5.80	$0.60	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10	$0.10
60	70	13.00	7.80	2.60	.40	.40	.40	.40	.40	.40	.40
70	80	15.00	9.80	4.60	.70	.70	.70	.70	.70	.70	.70
80	100	18.00	12.80	7.60	2.40	1.10	1.10	1.10	1.10	1.10	1.10
100	120	22.00	16.80	11.60	6.40	1.70	1.70	1.70	1.70	1.70	1.70
120	140	26.00	20.80	15.60	10.40	5.20	2.30	2.30	2.30	2.30	2.30
140	160	30.00	24.80	19.60	14.40	9.20	4.00	2.90	2.90	2.90	2.90
160	200	36.00	30.80	25.60	20.40	15.20	10.00	4.80	3.80	3.80	3.80
200	240	44.00	38.80	33.60	28.40	23.20	18.00	12.80	7.60	5.00	5.00
240	280	52.00	46.80	41.60	36.40	31.20	26.00	20.80	15.60	10.40	6.20
280	320	60.00	54.80	49.60	44.40	39.20	34.00	28.80	23.60	18.40	13.20
320	360	68.00	62.80	57.60	52.40	47.20	42.00	36.80	31.60	26.40	21.20
360	400	76.00	70.80	65.60	60.40	55.20	50.00	44.80	39.60	34.40	29.20
400	440	84.00	78.80	73.60	68.40	63.20	58.00	52.80	47.60	42.40	37.20
440	480	92.00	86.80	81.60	76.40	71.20	66.00	60.80	55.60	50.40	45.20
480	520	100.00	94.80	89.60	84.40	79.20	74.00	68.80	63.60	58.40	53.20
520	560	108.00	102.80	97.60	92.40	87.20	82.00	76.80	71.60	66.40	61.20
560	600	116.00	110.80	105.60	100.40	95.20	90.00	84.80	79.60	74.40	69.20
600	640	124.00	118.80	113.60	108.40	103.20	98.00	92.80	87.60	82.40	77.20
640	680	132.00	126.80	121.60	116.40	111.20	106.00	100.80	95.60	90.40	85.20
680	720	140.00	134.80	129.60	124.40	119.20	114.00	108.80	103.60	98.40	93.20
720	760	148.00	142.80	137.60	132.40	127.20	122.00	116.80	111.60	106.40	101.20
760	800	156.00	150.80	145.60	140.40	135.20	130.00	124.80	119.60	114.40	109.20
$800 or over		20% of the excess over $800 plus									
		$160.00	$154.80	$149.60	$144.40	$139.20	$134.00	$128.80	$123.60	$118.40	$113.20

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by $5.20 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the median wage in the bracket in which the wages paid fall (or if the wages paid are $800 or over, of the excess of the wages) over $52, computed, in case such amount is not a multiple of $0.10, to the nearest multiple of $0.10.

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N Y Factory Jobs And Payrolls Down In May

For the first time in nearly a year factories in New York State reported a decline in both employment and payrolls. The decrease in employment from April to May amounted to 1.1% and in payrolls 1.5%, according to a statement released June 15 by the New York State Department of Labor. Curtailment in production of nondurable goods, coupled with the seasonal slump in the clothing industries, accounted for most of the decrease. Higher payrolls were reported by most plants engaged in the production of war materials except for some manufacturers of electrical machinery, aircraft and smelters of nonferrous metals.

The index of factory employment for May was 158.7, an increase of 10.3% over last May. The payroll index was 284.3, which was 29.6% higher than May of 1942. These indices are based on the average of 1935-1939 as 100. Average weekly earnings were $44.44 this month compared with $37.76 a year ago. The above statements are based on preliminary tabulations by the Division of Statistics and Information covering reports from 2,929 firms throughout the State.

The Department's announcement further said:

Seasonal Losses in Apparel Industries

"The severest payroll decrease for the month was experienced by the women's coat, suit and skirt industry, where the decline amounted to more than 40%. The entire group of clothing industries including men's, women's and children's suffered seasonal losses in both employment and payrolls. Fur goods was the single exception, with an employment increase of 1.5%; even here payrolls declined.

"In the textile group, carpets and rugs showed the largest employment decrease for the period. Cotton textile and knitting mills curtailed operations; also bleacheries and makers of felt hat bodies. In rayon and silk mills, employment and payrolls increased slightly.

"Lumber and planing mills decreased activities sharply, reflecting the slump in construction. Most furniture and finished wood products factories reported declines in employment except those with contracts for war materials. Decreased employment and payrolls were recorded in the printing and leather goods industries.

"The food industry showed the only substantial payroll increase for the month, although employment was slightly lower for the group. Canneries began to show some signs of activity, and ice cream plants and breweries enjoyed seasonal expansion. Meat packers, confectioners and soft drink manufacturers had fewer employees. Payrolls were generally higher except for grain-mill products and confectionery. Manufacturers of paper and glass food containers reported greater production. Increased employment and payrolls were noted in the paper, petroleum and stone, clay and glass industries.

War Industries

"In the metals and machinery group, which includes most of the war plants, employment increased 0.3% and payrolls 0.2%. Manufacturers of munitions, fire-control apparatus, scientific instruments and photographic materials hired more workers and reported higher payrolls. Steel mills were busier. Employment in the aircraft and shipbuilding industries increased slightly but payrolls were lower. Tank manufacturing continued to decrease. Tin can factories curtailed activity."

Result Of Treasury Bill Offerings

Secretary of the Treasury Morgenthau announced on June 14 that the tenders for $1,000,000,000 of 92-day Treasury bills to be dated June 16 and to mature Sept. 16, 1943, which were offered on June 11, 1943, were opened at the Federal Reserve Banks.

Details of the issue follow:

Total applied for, $1,405,213,000.

Total accepted, $1,000,540,000 (including $79,106,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range of accepted bids:

High, 99.910, equivalent rate of discount approximately 0.352% per annum.

Low, 99.904; equivalent rate of discount approximately 0.376% per annum.

Average price, 99.905; equivalent rate of discount approximately 0.374% per annum.

(61% of the amount bid for at the low price was accepted.)

The weekly offering of bills was increased from $900,000,000 to $1,000,000,000 on June 10 in view of the increase in maturing issues from $700,000,000 to $800,000,000 and the Treasury's desire to continue its present policy of obtaining $200,000,000 weekly in "new money."

There was a maturity of $802,171,000 in bills on June 16.

As to the previous week's offering of $900,000,000 of 92-day bills, dated June 9 and to mature on Sept. 9, 1943, the Treasury disclosed the following results on June 7:

Total applied for—$1,437,153,000.

Total accepted — $909,267,000 (includes $88,245,000 entered on a fixed-price basis at 99.905 and accepted in full.)

Range of accepted bids:

High—99.913. Equivalent rate of discount approximately 0.340% per annum.

Low—99.904. Equivalent rate of discount approximately 0.373% per annum.

Average price—99.904+. Equivalent rate of discount approximately 0.374% per annum.

(52% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on June 9 in amount of $705,256,000.

Smaller Stores To Hold Southeastern Conference

A Southeastern Regional Wartime Conference of smaller stores will be held in Atlanta July 21 and 22, it is announced by Morris Thompson, Director of the Bureau of Smaller Stores of the National Retail Dry Goods Association. The meeting will be held during Atlanta Market Week, which is being conducted by the Atlanta Manufacturers and Distributors Association during the week of July 19.

This is the first meeting of its type to be conducted outside New York by the NRDGA, although the Smaller Stores group has conducted a number of highly successful regional meetings here.

The plan of regional meetings was developed as a special wartime measure to reduce transportation and housing demands and yet afford smaller store men the opportunity to hear important Government and trade speakers and to discuss their wartime problems, through the medium of discussion groups.

According to the preliminary draft of the program, the Southeastern Conference will be built around the four major subjects of most concern to smaller store men in wartime—Merchandise, Manpower, Regulation, and Promotion and Public Relations. Top-flight speakers from Government and from the trade will keynote each subject and the formal talks will be followed by discussion of the various phases of the problem.

Text Of Current Tax Payment Act Of 1943

(Continued from page 2289)

If the payroll period with respect to an employee is a daily payroll period or a miscellaneous payroll period

And the wages divided by the number of days in such period are—		And, (1) such person is a married person claiming none of personal exemption for withholding and has—									
		No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents	Eight dependents	Nine dependents
				Or, (2) such person is a married person claiming half of personal exemption for withholding and has—							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
				Or, (3) such person is a single person and has—							
				No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents	Seven dependents
						Or, (4) such person is a married person claiming all of personal exemption for withholding and has—					
						No dependents	One dependent	Two dependents	Three dependents	Four dependents	Five dependents
						Or, (5) such person is head of a family and has—					
						No dependents or one dependent	Two dependents	Three dependents	Four dependents	Five dependents	Six dependents
At least	But less than	The amount of tax to be withheld shall be the following amount multiplied by the number of days in such period									
$0	$1	$0.10									
1	2	.30	$0.15								
2	3	.50	.35	$0.15							
3	4	.70	.55	.35	$0.20	$0.05	$0.05	$0.05	$0.05	$0.05	$0.05
4	5	.90	.75	.55	.40	.20	.10	.10	.10	.10	.10
5	6	1.10	.95	.75	.60	.40	25	.10	.10	.10	.10
6	7	1.30	1.15	.95	.80	.60	45	.30	.15	.15	.15
7	8	1.50	1.35	1.15	1.00	.80	.65	.50	.30	.15	.15
8	9	1.70	1.55	1.35	1.20	1.00	.85	.70	.50	.35	.20
9	10	1.90	1.75	1.55	1.40	1.20	1.05	.90	.70	.55	.35
10	12	2.20	2.05	1.85	1.70	1.50	1.35	1.20	1.00	.85	.65
12	14	2.60	2.45	2.25	2.10	1.90	1.75	1.60	1.40	1.25	1.05
14	16	3.00	2.85	2.65	2.50	2.30	2.15	2.00	1.80	1.65	1.45
16	18	3.40	3.25	3.05	2.90	2.70	2.55	2.40	2.20	2.05	1.85
18	20	3.80	3.65	3.45	3.30	3.10	2.95	2.80	2.60	2.45	2.25
20	22	4.20	4.05	3.85	3.70	3.50	3.35	3.20	3.00	2.85	2.65
22	24	4.60	4.45	4.25	4.10	3.90	3.75	3.60	3.40	3.25	3.05
24	26	5.00	4.85	4.65	4.50	4.30	4.15	4.00	3.80	3.65	3.45
26	28	5.40	5.25	5.05	4.90	4.70	4.55	4.40	4.20	4.05	3.85
28	30	5.80	5.65	5.45	5.30	5.10	4.95	4.80	4.60	4.45	4.25
$30 or over		20% of the excess over $30 plus									
		$6.00	$5.85	$5.65	$5.50	$5.30	$5.15	$5.00	$4.80	$4.65	$4.45

If the number of dependents is in excess of the largest number of dependents shown, the amount of tax to be withheld shall be that applicable in the case of the largest number of dependents shown reduced by $0.15 for each dependent over the largest number shown, except that in no event shall the amount to be withheld be less than 3 per centum of the excess of the product of the median wage in the bracket in which the wages fall and the number of days in the period (or if the wages paid are $30 or over, of the excess of the wages) over the product of $1.70 and the number of days in the period, computed, in case such amount is not a multiple of $0.05, to the nearest multiple of $0.05.

"(2) If wages are paid with respect to a period which is not a payroll period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days (including Sundays and holidays) equal to the number of days in the period with respect to which such wages are paid.

"(3) In any case in which wages are paid by an employer without regard to any payroll period or other period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days equal to the number of days (including Sundays and holidays) which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

"(4) In any case in which the period, or the time described in paragraph (3), with respect of any wages is less than one week, the Commissioner, under regulations prescribed by him with the approval of the Secretary, may authorize an employer to determine the amount to be deducted and withheld under the tables applicable in the case of a weekly payroll period, in which case the aggregate of the wages paid to the employee during the calendar week shall be considered the weekly wages.

"(5) If the wages exceed the highest wage bracket, in determining the amount to be deducted and withheld under this subsection, the wages may, at the election of the employer, be computed to the nearest dollar.

"(d) Tax Paid By Recipient—If the employer, in violation of the provisions of this subchapter, fails to deduct and withhold the tax under this subchapter, and thereafter the tax against which such tax may be credited is paid, the tax so required to be deducted and withheld shall not be collected from the employer; but this subsection shall in no case relieve the employer from liability for any penalties or additions to the tax otherwise applicable in respect of such failure to deduct and withhold.

"(e) Nondeductibility of Tax in Computing Net Income—The tax deducted and withheld under this subchapter shall not be allowed as a deduction either to the employer or to the recipient of the income in computing net income for the purpose of any tax on income imposed by Act of Congress.

"(f) Refunds or Credits—

"(1) Employers—Where there has been an overpayment of tax under this subchapter, refund or credit shall be made to the employer only to the extent that the amount of such overpayment was not deducted and withheld under this subchapter by the employer.

"(2) Employees—For refund or credit in cases of excessive withholding, see section 322 (a).

"(g) Included and Excluded Wages—If the remuneration paid by an employer to an employee for services performed during one-half or more of any payroll period of not more than thirty-one consecutive days constitutes wages, all the remuneration paid by such employer to such employee for such period shall be deemed to be wages; but if the remuneration paid by an employer to an employee for services performed during more than one-half of any such payroll period does not constitute wages, then none of the remuneration paid by such employer to such employee for such period shall be deemed to be wages.

"(h) Withholding Exemption Certificates—Every employee receiving wages shall furnish his employer a signed withholding exemption certificate relating to his status for the purpose of computing the withholding exemption, or if the employer exercises his election under section 1622 (c) (relating to wage bracket withholding), for the purpose of computing the amount to be deducted and withheld under such subsection. In case of a change of status, a new certificate shall be furnished not later than ten days after such change occurs. The certificate shall be in such form and contain such information as the Commissioner may, with the approval of the Secretary, by regulations prescribe. Such certificate—

> "(1) If furnished after the date of commencement of employment with the employer by reason of a change of status, shall take effect with respect to the first payment of wages made on or after the first status determination date which occurs at least thirty days from the date on which such certificate is furnished to the employer, except that at the election of the employer such certificate may be made effective with respect to any previous payment of wages made on or after the date of the furnishing of such certificate. For the purposes of this paragraph the term 'status determination date,' means January 1 and July 1 of each year.
>
> "(2) If furnished otherwise than by reason of a change of status, shall take effect as of the beginning of the first payroll period ending, or the first payment of wages made without regard to a payroll period, on or after the date on which such certificate is furnished to the employer.

A certificate which takes effect under this subsection shall continue in effect with respect to the employer until another such certificate furnished by the employee takes effect under the subsection. If no certificate is in effect under this subsection with respect to an employee, such employee shall be treated, for the purposes of the withholding exemption, or in case the employer exercises his election under section 1622 (c) (relating to wage bracket withholding), for the purpose of computing the amount to be deducted and withheld under such subsection, as a married person claiming none of the personal exemption for withholding and having no dependents.

"(i) Overlapping Pay Periods, and So Forth—If a payment of wages is made to an employee by an employer—

> "(1) with respect to a payroll period or other period, any part of which is included in a payroll period or other period with respect to which wages are also paid to such employee by such employer, or
>
> "(2) without regard to any payroll period or other period, but on or prior to the expiration of a payroll period or other period with respect to which wages are also paid to such employee by such employer, or
>
> "(3) with respect to a period beginning in one and ending in another calendar year, or
>
> "(4) through an agent, fiduciary, or other person who also has the control, receipt, custody, or disposal of, or pays, the wages payable by another employer to such employee,

the manner of withholding and the amount to be deducted and withheld under this subchapter shall be determined in accordance with regulations prescribed by the Commissioner with the approval of the Secretary under which the withholding exemption allowed to the employee in any calendar year shall approximate the withholding exemption allowable with respect to an annual payroll period.

"(j) Withholding on Basis of Average Wages—The Commissioner may, under regulations prescribed by him with the approval of the Secretary, authorize employers (1) to estimate the wages which will be paid to any employee in any quarter of the calendar year, (2) to determine the amount to be deducted and withheld upon each payment of wages to such employee during such quarter as if the appropriate average of the wages so estimated constituted the actual wages paid, and (3) to deduct and withhold upon any payment of wages to such employee during such quarter such amount as may be necessary to adjust the amount actually deducted and withheld upon the wages of such employee during such quarter to the amount required to be deducted and withheld during such quarter without regard to this subsection.

"SEC. 1623. Liability For Tax

"The employer shall be liable for the payment of the tax required to be deducted and withheld under this subchapter, and shall not be liable to any person for the amount of any such payment.

"SEC. 1624. Return and Payment by Governmental Employer

"If the employer is the United States, or a State, Territory, or political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing, the return of the amount deducted and withheld upon any wages may be made by any officer or employee of the United States, or of such State, Territory, or political subdivision, or of the District of Columbia, or of such agency or instrumentality, as the case may be, having control of the payment of such wages, or appropriately designated for that purpose.

"SEC. 1625. Receipts

"(a) Requirement—Every employer required to deduct and withhold a tax in respect of the wages of an employee shall furnish to each such employee in respect of his employment during the calendar year, on or before January 31 of the succeeding year, or, if his employment is terminated before the close of such calendar year, on the day on which the last payment of wages is made, a written statement showing the wages paid by the employer to such employee during such calendar year, and the amount of the tax deducted and withheld under this subchapter in respect of such wages.

"(b) Statements to Constitute Information Returns—The statements required to be furnished by this section in respect of any wages shall be furnished at such other times, shall contain such other information, and shall be in such form as the Commissioner, with the approval of the Secretary, may by regulations prescribe. A duplicate of such statement if made and filed in accordance with regulations prescribed by the Commissioner with the approval of the Secretary shall constitute the return required to be made in respect of such wages under section 147.

"(c) Extension of Time—The Commissioner, under such regulations as he may prescribe with the approval of the Secretary, may grant to any employer a reasonabl eextension of time (not in excess of thirty days) with respect to the statements required to be furnished under this section.

"SEC. 1626. Penalties

"(a) Penalties for Fraudulent Receipt or Failure to Furnish Receipt—In lieu of any other penalty provided by law (except the penalty provided by subsection (b) of this section), any person required under the provisions of section 1625 to furnish a receipt in respect of tax withheld pursuant to this subchapter who willfully furnishes a false or fraudulent receipt, or who willfully fails to furnish a receipt in the manner, at the time, and showing the information required under section 1625, or regulations prescribed thereunder, shall for each such failure, upon conviction thereof be fined not more than $1,000, or imprisoned for not more than one year, or both.

"(b) Additional Penalty—In addition to the penalty provided by subsection (a) of this section, any person required under the provisions of section 1625 to furnish a receipt in respect of tax withheld pursuant to this subchapter who wilfully furnishes a false or fraudulent receipt, or who wilfully fails to furnish a receipt in the manner, at the time, and showing the information required under section 1625, or regulations prescribed thereunder, shall for each such failure be subject to a civil penalty of not more than $50.

"(c) Failure of Employer to File Return or Pay Tax—In case of any failure to make and file return or pay the tax required by this subchapter, within the time prescribed by law or prescribed by the Commissioner in pursuance of law, unless it is shown that such failure is due to reasonable cause and not due to willful neglect, the addition to the tax shall not be less than $10.

"(d) Penalties in Respect of Withholding Exemption Certificates —Any individual required to supply information to his employer under section 1622 (h) who wilfully supplies false or fraudulent information, or who willfully fails to supply information thereunder which would require an increase in the tax to be withheld under section 1622, shall, in lieu of any penalty otherwise provided, upon conviction thereof, be fined not more than $500, or imprisoned for not more than one year, or both.

"SEC. 1627. Other Laws Applicable.

"All provisions of law, including penalties, applicable with respect to the tax imposed by section 1400 shall, insofar as applicable and not inconsistent with the provisions of this subchapter, be applicable with respect to the tax under this subchapter.

"SUBCHAPTER E—GENERAL PROVISIONS

"SEC 1630. Verification of Returns, Etc.

(a) Power of Commissioner to Require—The Commissioner, under regulations prescribed by him with the approval of the Secretary, may require that any return, statement, or other document required to be filed under this chapter shall contain or be verified by a written declaration that it is made under the penalties of perjury, and such declaration shall be in lieu of any oath otherwise required.

"(b) Penalties—Every person who willfully makes and subscribes any return, statement, or other document, which contains or is verified by a written declaration that it is made under the penalties of perjury, and which he does not believe to be true and correct as to every material matter, shall be guilty of a felony, and, upon conviction thereof, shall be subject to the penalties prescribed for perjury in section 125 of the Criminal Code.

"SEC. 1631. Use of Government Depositaries in Connection With Payment of Taxes

"The Secretary may authorize incorporated banks or trust companies which are depositaries or financial agents of the United States to receive any taxes under this chapter in such manner, at such times, and under such conditions as he may prescribe; and he shall prescribe the manner, times, and conditions under which the receipt of such taxes by such depositaries and financial agents is to be treated as payment of such taxes to the collectors.

"SEC. 1632. Acts To Be Performed By Agents.

"In case a fiduciary, agent or other person has the control, receipt, custody, or disposal of, or pays the wages of an employee or group of employees, employed by one or more employers, the Commissioner, under regulations prescribed by him with the approval of the Secretary, is authorized to designate such fiduciary, agent or other person to perform such acts as are required of employers under this chapter and as the Commissioner may specify. Except as may be otherwise prescribed by the Commissioner with the approval of the Secretary, all provisions of law (including penalties) applicable in respect of an employer shall be applicable to a fiduciary, agent or other person so designated but, except as so provided, the employer for whom such fiduciary, agent or other person acts shall remain subject to the provisions of law (including penalties) applicable in respect of employers."

(b) Technical Amendments—

(1) Amendment to Section 34—Section 34 of the Internal Revenue Code (cross reference) is amended by striking out "453, 454, and 466 (e)" and inserting in lieu thereof "453 and 454."

(2) Amendment to Section 322—Section 322 (f) of the Internal Revenue Code (cross reference) is amended to read as follows:

"(f) Tax Withheld at Source—For refund or credit in case of withholding agent, see section 143 (f). For refund or credit in case of employer required to deduct and withhold tax on wages, see section 1622 (f)."

(c) Expiration Date for Withholding at Source on Wages Under Subchapter D of Chapter 1—Section 476 of the Internal Revenue Code (prescribing the expiration date for the taxes imposed by Subchapter D) is amended to read as follows:

"SEC. 476. Expiration Date

"The tax imposed by Part I of this subchapter shall not apply with respect to any taxable year commencing after the date of cessation of hostilities in the present war. The tax imposed by Part II of such subchapter shall not apply with respect to any wages paid after June 30, 1943, unless paid during the calendar year 1943 with respect to a payroll period beginning on or before such date."

(d) Effective Date—The amendments made by subsections (a) and (b) shall take effect July 1, 1943, and shall be applicable to all wages paid on or after such date, except that such amendments shall not be applicable to wages paid during the calendar year 1943 with respect to a payroll period beginning before such date.

SEC. 3. Credit for Tax Withheld at Source

Section 35 of the Internal Revenue Code (relating to the credit for tax withheld on wages) is amended to read as follows:

"SEC. 35. Credit for Tax Withheld on Wages

"The amount deducted and withheld as tax under Subchapter D of Chapter 9 during any calendar year upon the wages of any individual shall be allowed as a credit to the recipient of the income against the tax imposed by this chapter for the taxable year beginning in such calendar year. If more than one taxable year begins in any such calendar year such amount shall be allowed as a credit against the tax for the last taxable year so beginning."

SEC. 4. Refunds

(a) Excessive Withholding, etc.—Section 322 (a) (2) of the Internal Revenue Code (relating to excessive withholding) is amended to read as follows:

"(2) Excessive Withholding—Where the amount of the tax withheld at the source under Part II of Subchapter D or Subchapter D of Chapter 9 exceeds the taxes imposed by this chapter against which the tax so withheld may be credited under section 35 or 466 (e), the amount of such excess shall be considered an overpayment.

"(3) Credits Against Estimated Tax—The Commissioner is authorized to prescribe, with the approval of the Secretary, regulations providing for the crediting against the estimated tax for any taxable year of the amount determined by the taxpayer or the Commissioner to be an overpayment of the tax for a preceding taxable year."

(b) Presumption as to Date of Payment—Section 322 (e) of the Internal Revenue Code (relating to presumption as to date of payment) is amended to read as follows:

"(e) Presumption as to Date of Payment—For the purposes of this section, any tax actually deducted and withheld at the source during any calendar year under Part II of Subchapter D or under Subchapter D of Chapter 9 shall, in respect of the receipient of the income, be deemed to have been paid by him not earlier than the fifteenth day of the third month following the close of his taxable year with respect to which such tax is allowable as a credit under section 35 or section 466 (e). For the purposes of this section, any amount paid as estimated tax for any taxable year shall be deemed to have been paid not earlier than the fifteenth day of the third month following the close of such taxable year."

(c) Delegation of Authority to Collectors to Make Refunds—Section 3770 (a) of the Internal Revenue Code (relating to authority to make refunds) is amended (1) by striking out "(4)" at the beginning of paragraph (4) and inserting in lieu thereof "(5)"; and (2) by inserting after paragraph (3) the following:

"(4) Delegation of Authority to Collectors to Make Refunds—The Commissioner is authorized to delegate, with the approval of the Secretary, to collectors any authority, duty, or function which the Commissioner is authorized or required to exercise or perform under paragraph (1), (2), or (3) of this subsection, or under section 322 or 1027, where the amount involved (exclusive of interest, penalties, additions to the tax, and additional amounts) does not exceed $1,000."

(d) Overpayments—Section 3770 of the Internal Revenue Code (relating to authority to make credits and refunds) is amended by inserting at the end thereof the following:

"(c) Rule Where No Tax Liability—An amount paid as tax shall not be considered not to constitute an overpayment solely by reason of the fact that there was no tax liability in respect of which such amount was paid."

(e) Cross-Reference—The last subsection of section 3771 of the Internal Revenue Code (relating to interest on overpayments) is amended to read as follows:

"(f) Estimated Tax and Tax Withheld at Source—For date of payment in respect of estimated tax and of tax withheld at source on wages, see section 322 (e)."

(f) Review of Allowance of Interest—Section 3790 of the Internal Revenue Code (prohibiting administrative review of Commissioner's decisions) is amended by inserting at the end thereof the following: "In the absence of fraud or mistake in mathematical calculation, the allowance or nonallowance by the Commissioner, of interest on any credit or refund under the internal revenue laws shall not, except as provided in Chapter 5, be subject to review by any other administrative or accounting officer, employee, or agent of the United States."

SEC. 5. Current Payment of Tax Not Withheld At Source

(a) In General—The Internal Revenue Code is amended by striking out sections 58, 59, and 60 and inserting in lieu thereof the following:

"Sec. 58. Declaration of Estimated Tax By Individuals.

"(a) Requirement of Declaration—Every individual (other than an estate or trust and other than a nonresident alien with respect to whose wages, as defined in section 1621 (a), withholding under Subchapter D of Chapter 9 is not made applicable) shall, at the time during the taxable year prescribed in subsection (d), make a declaration of his estimated tax for the taxable year if—

"(1) his gross income from wages (as defined in section 1621)

"(A) in case such individual is single or married but not living with husband or wife: can reasonably be expected to exceed $2,700 for the taxable year; or did exceed $2,700 for the preceding taxable year; or

"(B) in case such individual is married and living with husband or wife: can, when added to the gross income which can reasonably be expected to be received by such husband or wife from wages (as so defined), reasonably be expected to exceed $3,500 for the taxable year; or did when added to the gross income of such husband or wife from wages (as

(Continued on page 2292)

Coal Miners' Fines May Be Waived

Following an announcement on Thursday, June 10, that the coal miners would be fined $1 per day for the June 1 to June 5 work stoppage, Harold L. Ickes, Federal Operator of the coal mines, on Saturday, June 12, stated that these fines might be waived by mutual agreement with the operators, an Associated Press dispatch from Washington said. Thus the threat of a new coal strike largely has disappeared.

The dispatch further stated that most of the contracts provide a penalty of $1 per day for an absence from work without cause, but in some districts the penalty is $2. Mr. Ickes, in saying that the fines would be levied, contended that the contracts had been extended indefinitely by the War Labor Board, but the United Mine Workers of America contended that the working contracts were inoperative at the time of the walkout, and hence the miners cannot legally be fined.

The present strike truce will expire on Sunday, June 20.

Portal-to-Portal Pay Agreement Discarded

Associated Press dispatches from Washington on June 16 stated that The Central Pennsylvania Coal Producers Association and the Union on Tuesday of this week threw out their tentative agreement on $1.30 a day portal-to-portal pay, Charles O'Neill, President of the Association, stating that the Union refused to agree to the proposal of the producers that this payment of $1.30 a day should release the latter from all claims for such travel time prior to April 1, 1943 to which date the agreement would have been retroactive.

A decision by the National War Labor Board is now awaited as the next development on the issue.

'Tribute To Russia' Rally Planned In N. Y.

Joseph E. Davies, President Roosevelt's personal envoy to the Soviet Union, will speak at a "Tribute to Russia" meeting in Randall's Island Stadium, New York City, on June 27, it is announced by Allen Wardell, Chairman of the New York Committee of Russian War Relief. Mr. Davies returned to Washington, D. C., from his special mission on June 3, with Premier Stalin's reply to the President's letter.

The rally will culminate a nation-wide observance of "Tribute to Russia Week," being held from June 20 to June 27 as a salute to the Soviet people who, on June 22, enter their third year of war.

The Randall's Island rally is one of several score major meetings which will be held throughout the country during "Tribute to Russia Week" as America's tribute to the courage and achievements of the Soviet people. A special Russian War Relief committee consisting of Mrs. Franklin D. Roosevelt, Wendell Willkie, Bishop William T. Manning, Thomas W. Lamont, Thomas J. Watson, William Green, Philip Murray, A. F. Whitney, James G. Patton, Staton Griffis and Owen D. Young is directing the observance.

Mayor F. H. LaGuardia, Sidney Hillman, president of the Amalgamated Clothing Workers of America, and government and military leaders of the U.S. and the Soviet Union also will address the meeting. A pageant and entertainment will be presented.

Tickets, priced at 25 and 50 cents, may be obtained at Russian War Relief, 11 E. 35th St., and from the sixty local committee headquarters of Russian War Relief in the New York area.

NYSE Short Interest Higher On May 28

The New York Stock Exchange announced on June 12 that the short interest as of the close of business on the May 28 settlement date, as compiled from information obtained by the Stock Exchange from its members and member firms, was 980,047 shares, compared with 882,376 shares on April 30, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the May 28 settlement date, the total short interest in all odd-lot dealers' accounts was 33,589 shares, compared with 35,864 shares, on April 30.

The Exchange's announcement further said:

"Of the 1,234 individual stock issues listed on the Exchange on May 28, there were 61 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

"The number of issues in which a short interest was reported as of May 28, exclusive of odd-lot dealers' short positions, was 647 compared with 607 on April 30."

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1941—	
April 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223
Mar. 31	513,546
April 30	530,636
May 29	534,396
June 30	514,158
July 31	*517,422
Aug. 31	532,867
Sept. 30	548,365
Oct. 30	558,446
Nov. 30	551,053
Dec. 31	501,833
1943—	
Jan. 29	579,394
Feb. 26	663,750
Mar. 31	774,871
April 30	882,376
May 28	980,047

*Revised.

Clark Named Head Of N. Y. AIB Chapter

G. Russell Clark, Assistant Manager of the New York Clearing House, was elected President of New York Chapter, American Institute of Banking, at the recent annual meeting. Mr. Clark succeeds to the unexpired term of Everett J. Livesey, who joined the Navy.

Other officers elected for the coming year are:

First Vice President, James E. Robertson, Assistant Cashier of the Chase National Bank.

Second Vice President, Edgar C. Egerton, Vice President of the Seamen's Bank for Savings.

Treasurer, James Lyall, Personnel Director of the United States Trust Co.

Chief Counsel, John W. Boyle, Manager of the Brooklyn office of the Title Guarantee & Trust Co.

New members of the Board of Governors include Raymond C. Deering, Assistant Comptroller of the Manufacturers Trust Co.; Clinton W. Parker, Assistant Secretary of the Dime Savings Bank of Brooklyn, and Crawford Young, Trustee and Vice President of the Flatbush Savings Bank.

Nomination of these officers was noted in these columns of April 22, page 1502.

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so defined) for the preceding taxable year, exceed $3,500 for such preceding taxable year; or

"(2) his gross income from sources other than wages (as defined in section 1621)

"(A) in case such individual is single or married but not living with husband or wife: can reasonably be expected to exceed $100 for the taxable year and his gross income to be such as will require the making of a return for the taxable year under section 51; or did excede $100 for the preceding taxable year and such individual either was required to make a return under section 51 or 455 for such preceding taxable year or would have been so required if he had been single during the whole of such preceding taxable year; or

"(B) in case such individual is married and living with husband or wife: can, when added to the gross income which can reasonably be expected to be received by husband or wife from such sources, reasonably be expected to exceed $100 for the taxable year and the aggregate gross income of such husband and wife can reasonably be expected to be such as will require the making of a return under section 51 or 455; or did, when added to the gross income of such husband or wife from such sources for the preceding taxable year, exceed $100 for such preceding taxable year and such individual would have been required to make a return under section 51 or 455 for such preceding taxable year if he had been married and living with husband or wife during the whole of such preceding taxable year; or

"(3) in case such taxable year is the taxable year beginning in 1943, such individual was required to make a return under section 51 for the taxable year beginning in 1942, and his gross income from wages (as defined in section 1621) for such taxable year is greater than the gross income which can reasonably be expected to be received from wages for the taxable year beginning in 1943.

"(b) Contents of Declaration—In the declaration required under subsection (a) the individual shall state—

"(1) the amount which he estimates as the amount of tax under this chapter for the taxable year, without regard to any credits under sections 32, 35, and 466 (e);

"(2) the amount which he estimates as the credits for the taxable year under sections 32, 35, and 466 (e); and

"(3) the excess of the amount estimated under paragraph (1) over the amount estimated under paragraph (2), which excess for the purposes of this chapter shall be held and considered the estimated tax for the taxable year.

The declaration shall also contain such other information for the purposes of carrying out the provisions of this chapter as the Commissioner, with the approval of the Secretary, may by regulations prescribe, and shall contain or be verified by a written statement that it is made under the penalties of perjury.

"(c) Joint Declaration by Husband and Wife—In the case of a husband and wife living together, a single declaration under this section may be made by them jointly, in which case the liability with respect to the estimated tax shall be joint and several. No joint declaration may be made if either the husband or wife is a nonresident alien. If a joint declaration is made but a joint return is not made for the taxable year, the estimated tax for such year may be treated as the estimated tax of either the husband or the wife, or may be divided between them.

"(d) Time and Place for Filing—The declaration required under subsection (a) shall be filed on or before the fifteenth day of the third month of the taxable year, except that if the requirements of subsection (a) are first met after such date, the declaration shall be filed on or before the fifteenth day of the last month of the quarter of the taxable year in which such requirements are first met. An individual may make amendments or revisions of a declaration filed under this subsection, under regulations prescribed by the Commissioner with the approval of the Secretary. If so made, such amendments or revisions shall be filed on or before the fifteenth day of the last month of any quarter of the taxable year subsequent to that in which the declaration was filed and in which no previous amendments or revisions have been made or filed. Declarations and amendments and revisions thereof shall be filed with the Collector specified in section 53 (b) (1).

"(e) Extension of Time —The Commissioner may grant a reasonable extension of time for filing declarations and paying the estimated tax, under such rules and regulations as he shall prescribe with the approval of the Secretary. Except in the case of taxpayers who are abroad, no such extension shall be for more than six months.

"(f) Persons Under Disability—If the taxpayer is unable to make his own declaration, the declaration shall be made by a duly authorized agent or by the guardian or other person charged with the care of the person or property of such taxpayer.

"(g) Signature Presumed Correct—The fact that an individual's name is signed to a filed declaration shall be prima facie evidence for all purposes that the declaration was actually signed by him.

"(h) Publicity of Declaration—For the purposes of section 55 (relating to publicity of returns), a declaration of estimated tax shall be held and considered a return under this chapter.

"SEC. 59. Payment of Estimated Tax

"(a) In General—The estimated tax shall be paid in four equal installments except that—

"(1) if the declaration is filed (otherwise than pursuant to an extension of time) after the fifteenth day of the third month of the taxable year, the estimated tax shall be paid in equal installments the number of which is equal to the number of quarters remaining in the taxable year (including the quarter in which the declaration is filed); and

"(2) if any amendment or revision of a declaration is filed, the remaining installments shall be ratably increased or decreased, as the case may be, to reflect the increase or decrease, as the case may be, in the estimated tax by reason of such amendment or revision; and

"(3) at the election of the individual, any installment of the estimated tax may be paid prior to the date prescribed for its payment.

One installment of the estimated tax shall be paid at the time of making the declaration, and an installment thereof shall be paid on the fifteenth day of the last month of each succeeding quarter of the taxable year. Payment of any installment of the estimated tax shall be considered payment on account of the tax for the taxable year.

"(b) Assessment—The estimated tax shall be assessed only to the extent paid.

"SEC. 60. Special Rules for Application of Sections 58 and 59.

"(a) Farmers—In the case of an individual whose estimated gross income from farming for the taxable year is at least 80 per centum of the total estimated gross income from all sources for the taxable year, in lieu of the time prescribed in section 58 (d), the declaration for the taxable year may be made at any time on or before the fifteenth day of the last month of the taxable year.

"(b) Application to Short Taxable Years—The application of sections 58, 59, and 294 (a) (3), (4), and (5) to taxable years of less than twelve months shall be as prescribed in regulations prescribed by the Commissioner with the approval of the Secretary.

"(c) Application to Taxable Years Beginning in 1943—If the taxable year is the calendar year 1943, the fifteenth day of September, 1943, shall be substituted for the fifteenth day of March for the purposes of section 58 (d). If the taxable year begins in 1943 after January 1, the date which shall be substituted for the fifteenth day of the third month of the taxable year for the purposes of section 58 (d) shall be prescribed by regulations prescribed by the Commissioner with the approval of the Secretary. In either case installments of the estimated tax for such taxable year payable after September 1, 1943, shall be ratably decreased to reflect the payments on account of a taxable year beginning in 1942 which are treated as payments on account of the estimated tax for a taxable year beginning in 1943."

(b) Additions to Tax—Section 294 (a) of the Internal Revenue Code (relating to additions to tax in case of nonpayment) is amended by inserting at the end thereof the following:

"(3) Failure to File Declaration of Estimated Tax—In the case of a failure to make and file a declaration of estimated tax within the time prescribed, there shall be added to the tax an amount equal to 10 per centum of the tax.

"(4) Failure to Pay Installment of Estimated Tax—In the case of the failure to pay an installment of the estimated tax within the time prescribed, there shall be added to the tax $2.50 or 2½ per centum of the tax, whichever is the greater, for each installment with respect to which such failure occurs.

"(5) Substantial Underestimate of Estimated Tax—If 80 per centum of the tax (determined without regard to the credits under sections 32, 35, and 466 (e)), in the case of individuals other than farmers exercising an election under section 60 (a), or 66⅔ per centum of such tax so determined in the case of such farmers, exceeds the estimated tax (increased by such credits), there shall be added to the tax an amount equal to such excess, or equal to 6 per centum of the amount by which such tax so determined exceeds the estimated tax so increased, whichever is the lesser. This paragraph shall not apply to the taxable year in which falls the death of the taxpayer."

(c) Penalties—Section 145 (a) of the Internal Revenue Code (relating to criminal penalties) is amended (1) by inserting after "return" wherever appearing therein the words "or declaration", and (2) by inserting before "tax" wherever appearing therein the words "estimated tax or".

(d) Payment by Installments—Section 56 (b) of the Internal Revenue Code (relating to installment payments) is amended by striking out "The" at the beginning thereof and inserting in lieu thereof "Except in the case of an individual (other than an estate or trust and other than a nonresident alien with respect to whose wages, as defined in section 1621 (a), withholding under Subchapter D of Chapter 9 is not made applicable), the".

(e) Date for Making Return by Certain Nonresident Aliens—

(1) Section 217 (a) of the Internal Revenue Code (relating to returns by nonresident aliens) is amended by inserting after "In the case of a nonresident alien individual" the following: "with respect to whose wages, as defined in section 1621 (a), withholding under Subchapter D of Chapter 9 is not made applicable,".

(2) Section 218 (a) of the Internal Revenue Code (relating to payment of tax by nonresident aliens) is amended by inserting after "In the case of a nonresident alien individual" the following: "with respect to whose wages, as defined in section 1621 (a), withholding under Subchapter D of Chapter 9 is not made applicable,".

(f) Taxable Years to Which Applicable—The amendments made by this section shall be effective with respect to taxable years beginning after December 31, 1942, except that section 294 (a) (5) of the Internal Revenue Code shall not be applicable to a taxable year beginning in 1943 in the case of an individual not required to make a declaration under section 58 of the Internal Revenue Code for such year.

SEC. 6. Relief From Double Payments in 1943

(a) Tax for 1942 Not Greater Than Tax for 1943—In case the tax imposed by Chapter 1 of the Internal Revenue Code upon any individual (other than an estate or trust and other than a nonresident alien not subject to the provisions of sections 58, 59, and 60 of such chapter) for the taxable year 1942 (determined without regard to this section, without regard to interest or additions to the tax, and without regard to credits against the tax for amounts withheld at source) is not greater than the tax for the taxable year 1943 (similarly determined), the liability of such individual for the tax imposed by such chapter for the taxable year 1942 shall be discharged as of September 1, 1943, except that interest and additions to such tax shall be collected at the same time and in the same manner as, and as a part of, the tax under such chapter for the taxable year 1943. In such case if the tax for the taxable year 1942 (determined without regard to this section and without regard to interest or additions to the tax) is more than $50, the tax under such chapter for the taxable year 1943 shall be increased by an amount equal to 25 per centum of the tax for the taxable year 1942 (so determined) or the excess of such tax (so determined) over $50, whichever is the lesser. This subsection shall not apply in any case in which the taxpayer is convicted of any criminal offense with respect to the tax for the taxable year 1942 or in which additions to the tax for such taxable year are applicable by reason of fraud.

(b) Tax for 1942 Greater Than Tax for 1943—In case the tax imposed by Chapter 1 of the Internal Revenue Code upon any individual (other than an estate or trust and other than a nonresident alien not subject to the provisions of sections 58, 59, and 60 of such chapter for the taxable year 1942 (determined without regard to this section, without regard to interest or additions to the tax, and without regard to credits against the tax for amounts withheld at source) is greater than the tax for the taxable year 1943 (similarly determined), the liability of such individual for the tax imposed by such chapter for the taxable year 1942 shall be discharged as of September 1, 1943, except that interest and additions to such tax shall be collected at the same time and in the same manner as, and as a part of, the tax under such chapter for the taxable year 1943. In such case the tax under such chapter for the taxable year 1943 shall be increased by—

(1) the amount by which the tax imposed by such chapter for the taxable year 1942 (determined without regard to this section and without regard to interest and additions to such tax) exceeds the tax imposed by such chapter for the taxable year 1943 (determined without regard to this section, without regard to interest and additions to such tax, and without regard to credits against such tax under section 466 (e) or under section 35 of such chapter), plus

(2) if the tax for the taxable year 1943 (determined without regard to this section, without regard to interest or additions to the tax, and without regard to credits against such tax under section 466 (e) or under section 35 of such chapter) is more than $50, an amount equal to 25 per centum of the tax for the taxable year 1943 (so determined) or the excess of such tax (so determined) over $50, whichever is the lesser. Such amount shall in no case exceed 25 per centum of the tax for the taxable year 1942 (determined without regard to this section and without regard to interest and additions to such tax) or the excess of such tax (so determined) over $50, whichever is the lesser.

This subsection shall not apply in any case in which the taxpayer is convicted of any criminal offense with respect to the tax for the taxable year 1942 or in which additions to the tax for such taxable year are applicable by reason of fraud. An individual who becomes subject to tax for the taxable year 1943 under this subsection shall be an individual required to make a return for the taxable year 1943 under section 51 of the Internal Revenue Code.

(c) Additional Increase in 1943 Tax Where Increased Income—

(1) Tax for 1942 Not Greater Than That for 1943—In the case of a taxpayer whose liability for the tax for the taxable year 1942 is discharged under subsection (a), and whose surtax net income for the base year plus $20,000 is less than that for the taxable year 1942, the tax imposed by Chapter 1 of the Internal Revenue Code for the taxable year 1943 shall be increased by the excess of 75 per centum of the tax imposed by such chapter for the taxable year 1942 (determined without regard to this section and without regard to interest and additions to the tax) over a tentative tax computed as if the portion of the surtax net income for the taxable year 1942 which is not greater than the sum of the surtax net income for the base year plus $20,000 constituted both the surtax net income for the taxable year 1942, and the net income for such taxable year after allowance of all credits against net income;

(2) Tax for 1942 Greater Than That for 1943—In the case of a taxpayer whose liability for the tax for the taxable year 1942 is discharged under subsection (b) and whose surtax net income for the base year plus $20,000 is less than that for the taxable year 1943, the tax imposed by Chapter 1 of the Internal Revenue Code for the taxable year 1943 shall be increased by the excess of 75 per centum of the tax imposed by such chapter for the taxable year 1943 (determined without regard to this section and without regard to interest and additions to the tax) over a tentative tax for the taxable year 1943 computed as if the portion of the surtax net income for such taxable year which is not greater than the sum of the surtax net income for the base year plus $20,000 constituted both the surtax net income for the taxable year 1943, and the net income for such taxable year after allowance of all credits against net income.

For the purposes of this subsection "base year" means any one of the taxable years 1937, 1938, 1939, or 1940, to be selected by the taxpayer.

(d) Rules for Application of Subsections (a), (b), and (c)—

(1) Application of Subsection (b) to Members of Armed Forces—If the taxpayer is in active service in the military or naval forces of the United States or any of the other United Nations at any time during the taxable year 1942 or 1943, the increase in the tax for the taxable year 1943 under subsection (b) (1) shall be reduced by an amount equal to the amount by which the tax for the taxable year 1942 (determined without regard to this section) is increased by reason of the inclusion in the net income for the taxable year 1942 of the amount of the earned net income (as defined in section 25 (a) (4)).

(2) Joint Returns—If the taxpayer either for the taxable year 1942 or for the taxable year 1943 makes a joint return with his spouse, the taxes of the spouses for the taxable year for which a joint return is not made shall be aggregated for the purposes of subsections (a), (b), and (c), and in case the taxable year for which a joint return is not made is the taxable year 1943, the liability for the increase in the tax for the taxable year 1943 under subsections (b) and (c), shall be joint and several.

(3) Foreign Tax Credit and Application of Sections 105, 106, and 107—The credit against the tax imposed by Chapter 1 of the Internal Revenue Code for the taxable year 1943 allowed by section 31 of such chapter (relating to taxes of foreign countries and of possessions of the United States), shall be determined without regard to subsections (a), (b), and (c). Sections 105, 106, and 107 of such chapter (relating to limitations on tax, shall be applied without regard to subsections (a), (b), and (c).

(4) Section 107 Income Attributed to Base Year—That portion of the compensation which is received or accrued in the taxable year 1942 (if the tax for such year is not greater than that for the taxable year 1943), or in the taxable year 1943 (if the tax for such year is less than that for the taxable year 1942), and which under section 107 of the Internal Revenue Code is attributed to the base year, shall for the purposes of subsection (c) be excluded in computing the surtax net income for the taxable year 1942 or 1943, as the case may be, and be included in computing the surtax net income for the base year.

(5) Partnership Business Formerly Operated as Corporation—If, during the base year of any individual, such individual was a shareholder in a corporation and if substantially all of the assets of such corporation were at any time prior to May 1, 1943, acquired by such individual or a partnership of which he is a partner pursuant to the complete liquidation of such corporation, and if at all times after such liquidation up to and including the taxable year 1942 (if subsection (a) is applicable) or the taxable year 1943 (if subsection (b) is applicable) the trade or business of such corporation was carried on by such individual or partnership, for the purpose of subsection (c) such individual may compute his surtax net income for the base year as if the earnings and profits of the corporation for the taxable year ending with or within the base year had all been distributed as dividends at the end of such taxable year. If the interest of such individual in the partnership is proportionately less than his interest in the corporation, his distributive share of such dividends shall for the purposes of this paragraph be adjusted to reflect such difference.

(6) Certain Portions of Increase in 1943 Tax Not Part of Estimated Tax—The amount by which the tax for the taxable year 1943 is increased under subsection (a), (b) (2), or (c) shall not be considered to be a part of the tax for such taxable year for the purposes of sections 58, 59, 60, and 294 (a) (3), (4), and (5) of the Internal Revenue Code.

(7) Taxpayer Dying in Taxable Year 1942—If the individual dies during the taxable year 1942, subsections (a), (b), and (c) shall not apply.

(e) Extension of Time for Payment of Portions of Increase in 1943 Tax—

(1) Twenty-five per Centum Increase Under Subsection (a) or (b)—At the election of the taxpayer, made under regulations prescribed by the Commissioner with the approval of the Secretary, the Commissioner shall, except as hereinafter provided extend the time for the payment of the portion of the tax for the taxable year 1943 equal to one-half of the amount of the 25 per centum increase therein under subsection (a) or (b) (2) for the taxable year 1943, in which case such portion shall be paid on or before the fifteenth day of the fifteenth month following the close of the taxable year. The Commissioner may condition the extension upon the furnishing by the taxpayer of a bond in such amount, not exceeding the amount with respect to which the extension applies, with such surety or sureties, as the Commissioner deems necessary, conditioned upon the payment of such amount in accordance with the terms of the extension. If such amount is not paid on or before the date on which it is payable, it shall be paid upon notice and demand from the Collector. If such amount is not paid on or before the date on which it is payable, there shall be collected, as a part of the tax, interest on such amount at the rate of 6 per centum per annum for the period beginning with the date on which such amount is payable and ending with the date on which it is paid.

(2) Increase Under Subsection (C)—At the election of the taxpayer, made under regulations prescribed by the Commissioner with the approval of the Secretary, the Commissioner shall, except as hereinafter provided, extend the time for the payment of the portion of the tax for the taxable year 1943 equal to the increase therein under subsection (C), in which case such portion shall be paid in four equal annual installments, the first of which shall be paid on the fifteenth day of the fifteenth month following the close of the taxable year, and of the remaining installments one of which shall be paid on the last day of each succeeding twelve-month period, except that any installment may be paid prior to the date prescribed for its payment. The Commissioner may condition the extension upon the furnishing by the taxpayer of a bond in such amount, not exceeding the amount of such increase, with such surety or sureties as the Commissioner deems necessary, conditioned upon the payment of such amount in accordance with the terms of the extension. If the time for the payment of such portion is extended, there shall be collected, as a part of the tax, interest on each installment at the rate of 4 per centum per annum for the period beginning with the date prescribed for the payment of the tax for such taxable year and ending with the date on which such installment is paid or the date on which it is payable, whichever is the earlier. If any installment is not paid on or before the date on which it is payable, it and the remaining installments shall be paid upon notice and demand from the Collector. If any installment is not paid on or before the date on which it is payable, there shall be collected, as part of the tax, interest on such installment at the rate of 6 per centum per annum for the period beginning with the date on which such installment is payable and ending with the date on which it is paid.

(f) Treatment of Payments on Account of 1942 Tax—Any payment (other than interest and additions to the tax) made on account of the tax imposed by Chapter 1 of the Internal Revenue Code for the taxable year 1942 upon a taxpayer whose liability for such tax is discharged under subsection (a) or (b) shall be considered as payment on account of the estimated tax for the taxable year 1943 In the case of any extension of time for the payment of such tax granted by the Commissioner prior to September 1, 1943, payment of the portion thereof which if such extension had not been granted would have been payable under section 56 (b) prior to such date shall be made nothwithstanding subsection (a) or (b), but the foregoing provisions of this subsection shall apply to any such payment. In case the taxpayer becomes delinquent, prior to September 1, 1943, in the payment of such tax or any installment thereof, subsection (a) or (b) shall not relieve the taxpayer of his liability for the tax, but the foregoing provisions of this subsection shall be applicable to payment of such liability. If any payment on account of the tax imposed by such chapter for the taxable year 1942 is made pursuant to a joint return made by husband and wife for such taxable year, and such payment is considered as a payment on account of the estimated tax for the taxable year 1943, such payment may be treated as a payment on account of the estimated tax of either the husband or the wife for such taxable year or may be divided between them.

(g) Use of Term "Taxable Year"—For the purposes of this section the terms "taxable year 1937", taxable year 1938", "taxable year 1939", "taxable year 1940", "taxable year 1942", and "taxable year

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"B" & "C" Gasoline Coupons Again Cut

The value of all "B" and "C" gasoline coupons in the Northeastern States now under a ban on non-essential driving were cut from three gallons to two and one-half gallons effective at 12:01 a.m. on June 2. These coupons are used chiefly for occupational driving. Basic "A" coupons were unchanged and remain worth three gallons.

Prentiss M. Brown, OPA administrator, the announcement said, took this action after being informed by Petroleum Administrator Harold L. Ickes and Donald M. Nelson, Chairman of the War Production Board, that the allocation of gasoline for East Coast civilian use in June must be reduced from a previously scheduled 356,000 barrels a day to 326,000 barrels a day.

To assure that consumption will be held within the available supply announced by the Petroleum Administrator, Mr. Brown announced that it will also be necessary to:

1. Direct War Price and Rationing Boards to deny applications for additional rations of gasoline to restore mileage lost as a result of the new cut.

2. Revoke present provisions allowing special rations of up to five gallons to service men on furlough in the area affected by the cut.

3. Deny supplemental rations to applicants living within a reasonable walking distance of their work, regardless of car pools and lack of other means of transportation. Exceptions will be made only to take into account physical disability, or the necessity to transport heavy equipment, such as tools.

"Two months ago the basic A rations were cut in half in 17 Eastern States in order that a greater part of the available supply of gasoline might be diverted to spring farm use," said Mr. Brown. "This left car owners a scant ration allowing only 90 miles a month to meet family and personal emergencies.

"About the same time War Price and Rationing Boards began a close review of supplemental B and C rations to make sure that they were tailored closely to the applicant's needs.

"On May 20, a ban on all non-essential driving in the Northeastern critical shortage area was ordered with vigorous enforcement provisions to keep gasoline supplies from being dissipated by pleasure seekers.

"On May 23, OPA, at the request of the Office of Defense Transportation, took action which in effect cut the operation of commercial vehicles—trucks, buses and taxis—by 40%.

"In previous coupon cuts car owners have been given the opportunity of applying for additional rations to restore occupational mileage they lost because of the cut in coupon value. Obviously, this procedure cannot be followed this time, since to save the additional 30,000 barrels a day there must be a reduction in occupational driving."

Mr. Brown stated that the cut in B and C rations would not be made effective in the Southeastern States where basic A rations were cut March 22—North Carolina, South Carolina, Georgia and Florida—pending an investigation of gasoline supplies by the Petroleum Administration for War.

The new measures announced on June 1 will be effective in 12 States, eight eastern counties of West Virginia and the District of Columbia. The States are: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland and Virginia.

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1943" mean, respectively, the taxable year beginning in 1937, 1938, 1939, 1940, 1942, and 1943, respectively; and "taxable year" as applied to the taxable year 1942 or 1943 shall not include any period of less than twelve months unless occasioned by the death of the taxpayer or unless there is no taxable year of twelve months beginning in such calendar year.

(h) Regulations—This section shall be applied in accordance with regulations prescribed by the Commissioner with the approval of the Secretary.

SEC. 7. Additional Allowance for Members of Armed Forces

(a) In General—Section 22 (b) (13 of the Internal Revenue Code (relating to additional allowance for military and naval personnel in computing net income) is amended to read as follows:

> "(13) Additional Allowance for Military and Naval Personnel —In the case of compensataion received during any taxable year and before the termination of the present war as proclaimed by the President, by a member of the military or naval forces of the United States for active service in such forces during such war, or by a citizen or resident of the United States who is a member of the military or naval forces of any of the other United Nations for active service in such forces during such war, so much of such compensation as does not exceed $1,500."

(b) Effective Date—The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1942.

SEC. 8. Abatement of Tax for Members of Armed Forces Upon Death

Chapter 1 of the Internal Revenue Code is amended by inserting after section 404 the following new supplement:

"Supplement U—Abatement of Tax for Members of Armed Forces Upon Death

"SEC. 421. Abatement of Tax for Members of Armed Forces Upon Death

"In the case of any individual who dies on or after December 7, 1941, while in active service as a member of the military or naval forces of the United States or of any of the other United Nations and prior to the termination of the present war as proclaimed by the President, the tax imposed by this chapter shall not apply with respect to the taxable year in which falls the date of his death, and the tax under this chapter and under the corresponding title of each prior revenue law for preceding taxable years which is unpaid at the date of his death (including interest, additions to the tax, and additional amounts) shall not be assessed, and if assessed the assessment shall be abated, and if collected shall be credited or refunded as an overpayment."

SEC. 9 Assistant Commissioners

Subchapter B of Chapter 39 of the Internal Revenue Code is amended to read as follows:

"SUBCHAPTER B—ASSISTANT COMMISSIONERS

"SEC. 3905. Appointment.

"There shall be in the Bureau of Internal Revenue two Assistant Commissioners, who shall be appointed by the President, by and with the advice and consent of the Senate.

"SEC. 3906. Duties.

"The Assistant Commissioners shall perform such duties as may be prescribed by the Commissioner or required by law."

SEC. 10. Extension of Time in Connection with Release of Powers of Appointment

Section 403 (d) (3) of the Revenue Act of 1942 is amended by striking out "July 1, 1943" wherever it appears and inserting in lieu thereof "March 1, 1944"; and section 452 (c) of the Revenue Act of 1942 is amended to read as follows:

"(c) Release Before March 1, 1944—

"(1) A release of a power to appoint before March 1, 1944, shall not be deemed a transfer of property by the individual possessing such power.

"(2) This subsection shall apply to all calendar years prior to 1944 and to that part of the calendar year 1944 prior to March 1, 1944."

Approved June 9, 1943, 7 p. m., E. War Time.

Hecht Urges Govt. To Stimulate Buying Of Bonds From People's Current Income

(Continued from first page)

growing part of the total assets of banks. The old Treasury slogan of 1918, 'Borrow and Buy,' has been changed to 'Save and Buy,' and it is to be hoped that this campaign will result in a much greater distribution of bonds to the general public and consequent smaller reliance on subscription by banks."

As to the danger of inflation, Mr. Hecht asserted:

"With this enormous increase in the purchasing power of the masses it is inevitable that the demand for consumers goods should greatly exceed the supply and that the price level in spite of the Government's effort to hold it down should rise. This condition in turn carries with it great danger of inflation against which bankers have warned the people for the past several years. There are still too many who do not appreciate the seriousness of this tendency, but who on the contrary are inclined to believe that a reasonable amount of inflation would be a good thing because salaries and wages would go up, security values would rise and previously incurred debt could more easily be paid up with inflated money. People who hold such views just do not appreciate the tragic consequences suffered by the people of several European countries after the last war when the volume of their currencies went skyrocketing and the purchasing power of their money all but disappeared. Fortunately, our Government officials are aware of this danger and they have done a great deal towards controlling the upward tendency of prices. It is a most difficult task, and the most that can be said at this time is that while the authorities have not actually stopped the price increase, they have at least slowed it down considerably and seem to have it under control. To accomplish this the Office of Price Administration has had to do many things which have been very unpopular because the effect has been to seriously curtail our economic freedom and to reduce the amount of goods we can buy.

"The inability to buy the goods they want has induced millions of war workers to carry in their pockets a much larger amount of currency than usual, with the result that total currency in circulation which in 1913 was $3,365,000,000, in 1920 $5,332,000,000 and in 1939 $7,200,000,000 is now at an all-time high of $17,000,000,000. It should be added, however, that this phenomenal total of currency in circulation is undoubtedly due to one other factor which has nothing to do with the great purchasing power of the masses. I refer to the fear which has been created in the minds of many bank depositors and would-be depositors by the talk that the Government may resort to some form of 'compulsory saving' which by many has been erroneously interpreted as a threat that the Government may 'freeze' all bank accounts."

With respect to the post-war period, Mr. Hecht expressed his opinion that the predicted depression can be averted and that "as a nation we shall be able to go forward to greater achievements and new social gains."

He qualified his remarks of post-war prosperity, however, by the statement that this will be possible "only if we shall have a rebirth of true American initiative and free enterprise and get relief from the innumerable Government controls which are admittedly necessary in wartime but extremely distasteful to our business leaders under normal conditions." He added:

"No doubt we shall have to accept in this post-war world many economic changes that may not be to our liking, but I believe that opportunities for the young men will be just as great in America as ever before, and that 'capitalism' and 'free enterprise' will not perish from the economic life of our country."

Mr. Hecht further declared:

"Certainly there can be no doubt that when peace comes we shall emerge with our industrial machinery geared to an all-time high, with more skilled labor available than ever before in our history, and with a financial foundation so sound as to readily absorb the shock of the transition from a wartime to a peacetime economy. History shows that after every national calamity our people benefited by the lessons of the hardships they suffered and went forward to greater national achievement. An enormous amount of postponed work will have to be done which should readily absorb the labor released from the war industries and from the military services. New dwellings, new furniture, new gas stoves, new ice boxes, new automobiles, new highways and innuemerable other things will be needed and the wheels of American industry should be kept turning at full speed for a long period to supply these demands. Other countries, desolated by war, will also need our goods for their rehabilitation, and while it is not possible to discuss here the proper means of financing this new export movement there is no doubt that necessary provisions will be made for it when the victorious Allies sit around the peace table.

"The greatest problem will be to carry out this transition with sufficient skill and speed so as to avoid even temporary unemployment on any large scale. If we can maintain the income of the wage earners there is no doubt that the pent-up demand for consumer goods will be enormous and will furnish the basis for real prosperity as fast as our efforts can be turned from the creation of instruments of destruction back to the channels of constructive production."

From Washington

(Continued from first page)

you are going to take it on that basis, the country was for inflation. Except that that is no way to take it, because Leon and his crowd were doing a lot about everything, but very little about inflation. Well, Leon's got a job, but he's unhappy; he's not in the headlines, business men are not cowering before him any more.

Prentiss Brown, who was to give the crazy OPA a democratic touch, is through. Oh, there'll probably always be an OPA as there will always be an England, but his authority to ration, to fix prices on foodstuffs is by way of being transferred to Chester Davis. We likely won't be any better off then than we were before.

The Washington bureaucracy is getting so mixed up that no one knows which way to turn. The Congress in an effort to beat its way back and recover its standing, to get a hold over the Bureaucrats, gets lost in the undertaking. Determined to show its strength over John L. Lewis, a petty endeavor, it strengthens the authority of the National Labor Relations Board which is the most contemptuous bureaucracy of them all, and in so doing the Congress strengthens the Board in its determination to create chaos in the Pacific Coast shipyards, which Congress is utterly against, of course.

This situation could not have come about, manifestly, were it not for the fact that the people have lost something. They have lost the ability to govern themselves. We cry out, over here, these day, for "strong" men. Our editors cry for them. They keep crying for "strong" men, notwithstanding that every "strong" man so far has flopped, has turned out to be just another human being after all, a man who could not resist the appeal of the headlines, a man who made a jackass out of himself trying to be a "strong" man. But the editors, presumably feeling that they are "strong" men themselves, keep on insisting on "strong" men. They do this irrespective of the fact that Washington today has got the greatest compounding of "strong" men that the world has ever known.

When you see this succession of "strong" men here, though, the inescapable conclusion seems to be, that there is one "strong" man who stands out over everything: well, as a matter of fact, three "strong" men: FD, Winnie and Joe. It's amazing how we've come to call them by their first names.

The other night Mrs. Roosevelt appeared on the platform with a young reporter. At the conclusion she congratulated him on his speech and asked if she might not drop him by his paper. It so happens that he was traveling with a young girl reporter who had been sent to "cover" the event of the two of them speaking. He explained this but when he told the girl reporter about it, she was very crestfallen because she was willing to leave her car where it was for a ride with Mrs. Roosevelt. The speaker-reporter ran back and told Mrs. R. that it was a mistake, he didn't have a car and would be glad to ride with her. So he and his associate rode with Mrs. R. She was very entertaining. She told them anecdotes about F. D. and Winnie. She knows them both. They are both very interesting fellows, and Mrs. R. is having a wonderful time associating with them.

Subsidy Payments On 4 Canned Vegetables

Subsidizing of vegetable packers, to compensate them for proposed wage increases pending before the War Labor Board, was authorized on June 11 by the Office of Economic Stabilization.

In Associated Press advices from Washington June 11, the following was reported:

The vegetable subsidy authorized by Fred M. Vinson, new Director of Stabilization, was the first to compensate for proposed wage increases. Previously ordered subsidies—for meat, butter, gasoline and metals—have been based on increased costs of materials or transportation, or the encouragement of production.

Vinson based his authorization on an interpretation of President Roosevelt's "hold-the-line" order of April 8, 1943. He said that prices of canned green peas, snap beans, sweet corn, tomatoes and other primary tomato products had been stabilized under a previous agreement.

Under this, the Commodity Credit Corporation agreed in January to buy the raw vegetables from growers at market prices and resell them at a loss so that the higher current price of raw vegetables would not cause any increase in the price of canned vegetables.

Now, cannery workers are asking increased wages and Vinson said that if the board granted the increased wages, the price stabilization of the vegetables would be upset and he was acting therefore to forestall "higher consumer prices for essential cost of living items—a result inconsistent with the hold-the-line program."

Unofficial estimates of the cost of the possible wage subsidy, to be paid by Commodity Credit Corporation, were approximately $5,000,000 a year. The previous Commodity Credit commitment to subsidize the raw vegetables had been estimated to cost $25,000,000 a year.

Mr. Vinson excepted from the wage subsidy canned vegetables sold to the Government for the military service or lend-lease, and ruled that any price increase resulting from wage boosts will have to be paid by the Government agencies which buy canned vegetables.

The action applied to only the four classes of canned vegetables, and Vinson, in a statement, said:

"For minor vegetables, which are not essential cost-of-living items, approved increased raw material costs and approved wage-rate increases will, where necessary to assure the processors the margins required by law, be reflected in higher ceiling prices."

Mr. Vinson also made it plain that the only wage increases that would be considered in subsidy payments were ones which may be approved by the War Labor Board. It was understood, moreover, that Vinson probably will study the profits of the canning companies at present compared with previous years to determine whether they should absorb part of wage increases.

Mr. Vinson described the action as one of "a series of steps which will be taken by various governmental agencies to insure an adequate supply of processed vegetables."

"The program," he continued, "will maintain fair and equitable returns for the canning industry, at the same time preventing increases in the consumer prices of essential cost-of-living items."

Civil Engineering Construction $69,644,000 For Week

Civil engineering construction volume in continental U. S. totals $69,644,000 for the week. This volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding, is 82% lower than the total for the corresponding week in 1942, and compares with $106,873,000 reported for the holiday-shortened preceding week by "Engineering News-Record" on June 10, which went on to say:

Private construction is 52% higher than in the week last year, but this gain is more than offset by the 84% decline in public work. Federal construction is 86% lower than a year ago, and state and municipal work is down 14%.

The current week's construction brings 1943 volume to $1,668,276,000, an average of $72,534,000 for each of the 22 weeks. On the weekly average basis, 1943 volume is 62% below the $4,590,785,000 reported for the 23-week period in 1942. Private construction, $213,022,000, is 31% lower than a year ago, and public work, $1,455,254,000, is down 64% when adjusted for the difference in the number of weeks.

Civil engineering volumes in continental U. S. for the 1942 week, last week, and the current week are:

	June 11, 1942 (five days)	June 3, 1943 (four days)	June 10 1943 (five days)
Total U. S. Construction	$379,458,000	$106,873,000	$69,644,000
Private Construction	5,869,000	54,323,000	8,933,000
Public Construction	373,589,000	52,550,000	60,711,000
State and Municipal	10,962,000	4,296,000	9,445,000
Federal	362,627,000	48,254,000	51,266,000

In the classified construction groups, gains over last week are reported in sewerage, bridges, commercial buildings, earthwork and drainage, streets and roads, and unclassified construction. Increases over a year ago are in industrial and commercial buildings, and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, $1,052,000; sewerage, $871,000; bridges, $350,000; industrial buildings, $2,564,000; commercial building and large-scale private housing, $6,039,000; public buildings, $35,918,000; earthwork and drainage, $2,503,000; streets and roads, $7,176,000; and unclassified construction, $13,171,000.

New capital for construction purposes for the week totals $687,000, and is made up entirely of state and municipal bond sales. New construction financing for the year to date, $493,400,000, compares with $6,870,550,000 for 23-week period last year.

OPA Ration Coupon Verification Plan Unsound, Says ABA

The procedure ordered by the Office of Price Administration for the verification by banks of the contents of envelopes containing ration coupons deposited in the ration coupon accounts in banks was characterized by the American Bankers Association as unsound in a protest recently filed with OPA Administrator Prentiss Brown by W. L. Hemingway, President of the A. B. A. and in a bulletin sent to all banks by the A. B. A. Ration Banking Committee.

In his letter to OPA Administrator Brown, Mr. Hemingway said: "In our opinion this procedure is definitely unsound and the forwarding of these instructions may seriously affect the continued smooth operation of the ration banking program." The announcement of the A. B. A. on June 7 stated that the protest and bulletin were occasioned by instructions sent to the banks by Mr. Brown over the objections of the Ration Banking Committee of the A. B. A., which OPA instructions direct the banks to count the contents of a minimum of 3% of the envelopes deposited hereafter containing up to 500 coupons.

The bulletin points out that under the plan set up for the ration coupon banking system it was agreed that the only function the banks were to perform consisted of the "accounting and bookkeeping functions relating to ration evidences." It adds:

"It was also understood to be a basic part of the procedure that coupons would be deposited on gummed sheets, the operating procedure was approved by the Ration Banking Committee on that basis and the banks for the most part found the handling of deposits of coupons on gummed sheets practical. This method provided considerable control over the validity of coupons deposited and lent itself to reasonably accurate verification of such deposits."

Referring to the substitution of envelopes for gummed sheets the bulletin characterizes the "unexpected change in the basic procedure so soon after the start of ration banking" as the "most disturbing single factor in the operation of the plan." From the advices from the A. B. A. we also quote:

"It [the bulletin] points out that the order of the OPA will intensify the manpower problem of the banks, that the reporting of errors on the part of customers to the OPA instead of the depositors will create customer relations problems, that the checking of such a small percentage of the envelopes will be insufficient for the building up of enough case evidence to use against violators, that any test check that could be made would be inadequate to provide protection against fraud and gross irregularities, that loosely controlled and inadequately safeguarded operations are contrary to sound banking principles and that if at a later date it should be found that fraud had been practiced generally the banks might be blamed for it because of having agreed to participate in an inadequate verification procedure.

"The bulletin states that the Ration Banking Committee has discussed the problem with the OPA and made various suggestions of alternative plans that would provide sound procedure and satisfactory control. In addition, it avers its conviction that a suitable plan could be developed within a reasonable time and states that it requested the OPA to withhold its new instructions pending further study.

"In its bulletin the committee declares its recognition of the rationing program as essential to the war effort and its belief that the banks have an important part to play in it. But it adds: "We feel strongly that the verification procedure now ordered by the Office of Price Administration is unsound and we do not endorse it in any way."

Financial Firms Give To Greater N. Y. Fund

Pierpont V. Davis, Chairman of the Finance Section in the current campaign of The Greater New York Fund, has reported that of the first 255 contributions collected by his group from corporations and firms, 79 represented organizations which had never supported the Fund before. These newcomers included 57 firm members of the New York Stock Exchange, 17 investment banks, four casualty and surety companies and one life insurance company.

The first 255 contributions total $568,072. The total for all contributions raised by the Finance Section as of May 30 when the last complete tabulation was made, was $670,031. The latter amount is approximately 70% of the $966,996 which is the Section's goal. One of the new Fund contributors, a life insurance company, gave $15,000, Mr. Davis pointed out.

"The response that the financial and insurance community is making to this sixth campaign and second wartime appeal of The Greater New York Fund is most encouraging," Mr. Davis added.

The Fund appeals once a year to business firms and employee groups to help support 406 affiliated, voluntary hospitals, health and welfare agencies. The minimum goal of this campaign is $4,500,000.

Colby Elected AIB Head

At the wartime conference of the American Institute of Banking, held in Chicago on June 10, David L. Colby, Assistant Vice-President of the Boatmen's National Bank of St. Louis, was elected as its President. He served as Vice-President in the year just closed and was advanced to succeed David E. Simms, Acting Manager of the Salt Lake City branch of the Federal Reserve Bank of San Francisco. William C. Way, Trust Officer of the Central National Bank of Cleveland, was named Vice-President to succeed Mr. Colby.

Four members were elected to the Executive Council. They are: Floyd L. Geyer, Junior Vice-President of California Bank, Los Angeles; S. J. Kryzsko, Assistant Cashier and Assistant Trust Officer, Winona National & Savings Bank, Winona, Minn.; Albert O. Werner, Assistant Cashier, Industrial National Bank of Detroit, Mich., and T. S. Wiggins, Assistant Vice-President, National Bank of Commerce, Memphis, Tenn.

NYSE Borrowings Lower

The New York Stock Exchange announced on June 7 that the total of money borrowed as reported by Stock Exchange member firms as of May 29 totaled $620,703,562, a decrease of $106,379,894 from the revised April 30 aggregate of $727,083,456. The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges; (1) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $197,064,147; (2) on all other collateral, $423,639,415; reported by New York Stock Exchange member firms as of the close of business May 29, 1943, aggregated, $620,703,562.

The total of money borrowed, compiled on the same basis, as of the close of business April 30, 1943, as shown in the revised release dated June 4, 1943, was (1) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $362,043,810; (2) on all other collateral, $365,039,646; total, $727,083,456.

OPA Roll-Back Program Only Way To Hold The Line, Humphries Declares

Warning that price control, and the stability of the whole nation as well, is now at the crossroads, Don H. Humphries, Assistant Economic Advisor of the Office of Price Administration, defended on June 6 the current OPA program to have the Government assume the cost of rolling back prices as the only effective way to hold-the-line firmly against inflation.

In a talk before the United Retail, Wholesale and Department Store Employees (CIO) at the Hotel Astor in New York City, Mr. Humphries said that this Government subsidy is justifiable since it will pay for itself many times over "by avoiding the pyramiding of price, cost and wage adjustments that would otherwise cumulate into a vicious spiral." He estimated that the program will cost the Government between $350,000,000 and $500,000,000 a year, but that it will cut the consumers annual food budget directly by $470,000,000. Mr. Humphries added:

"The indirect savings are several times greater for, in the absence of a roll-back, wages will go up pushing prices still higher. The Government will spend somewhere in the neighborhood of $100,000,000,000 this year. A 1% increase in prices that Government must pay will increase its expenditures by $1,000,000,000. Much of the war production is, in the last analysis, on a cost-plus basis. By preventing wage and price increases, the estimated savings to the Government of $725,000,000 is conservative."

Mr. Humphries further declared:

"The basic standard for wage adjustments was established by the War Labor Board in the 'Little Steel Formula' which limited the increase in wage rates since Jan. 1, 1941 to the increase in the cost of living between that date and May 1942, (which amounted to 15%). This wage stabilization was predicated upon the Government's program to stabilize the cost of living at May 1942 levels. Since that time, however, the cost of living has continued to rise. In April of this year, it was 23% above the January 1941 level and at the present, it is estimated to be almost 25% above that level. This represents an increase of about 10% since May 1942 when we first attempted stabilization, and about 7% since September where the Stabilization Act expressly directs that prices be held.

"If the 25% increase in the cost of living is compared with the 15% adjustment permitted by the 'Little Steel Formula,' it is difficult to see how this situation can stand. This is particularly true when it is recalled that the cost of living index understates the actual rise in living costs because of quality deterioration and violations of ceiling prices. Moreover, almost 7% of the rise in cost of living has occurred since September where the Act (of Oct. 5) directs that prices and wages be stabilized. It is in the light of these facts that I say: We are at the crossroads. Even moderate increases in the cost of living are no longer tolerable. Either we hold prices or prices run away.

"Unless the commitment to stabilize at the Sept. 15 level is made good, it is difficult to see how a general wage revision can be avoided. But here is the rub. A general upward wage revision even for the whole of American workers will not enable them to buy any more food. That is determined by what we can produce and by the needs of our armed forces and Allies. Higher wages will not enable us to buy any more clothing. Those supplies are limited by material, facilities, and manpower. We cannot buy more housing, for that is also limited by war requirements. Nor will higher wages provide any more doctors for civilian medical care. A general wage increase will, however, add enormously to the billions of dollars that have nowhere to go. Higher wages will force higher prices both by raising costs and by increasing the purchasing power under conditions where supplies cannot be, similarly, increased.

"Farmers, too, will enter the picture. If the prices that farmers pay go up, all ceilings on farm products and foods must, by law, be similarly raised. If wages and food prices chase each other, they will go up and up and up. We can easily have a further price rise of 50% in a single year. But this process cannot possibly create more goods. Quite the contrary, it will impair production and hamper the war effort.

"To prevent such a disaster requires a tough program and a comprehensive one. We can no longer get by with expedients and stop-gaps.

"It is for this reason that the Office of Price Administration proposes a program which will hold the line. It is the only program that will hold the line. It involves (1) retail pricing in dollars and cents by communities; and (2) a roll-back in prices toward the September levels.

"Some prices, such as those of fresh vegetables, can be rolled back because they are grossly inflated. The retail price of spinach has increased 81%, lettuce 63%, green beans 26%, and cabbage 180% in the past year.

"In order to restore the September prices called for in the Act, which directed that both prices and wages be held at those levels, the Government is assuming the cost of rolling back the retail price of meat, butter and coffee by 10%. A government subsidy is justifiable only if it it will pay for itself many times over. This one will pay for itself many times over by avoiding the pyramiding of price, cost and wage adjustments that would otherwise cumulate into a vicious spiral."

Bill Of Rights Society

James W. Gerard, former Ambassador to Germany, was elected President of the newly-chartered Bill of Rights Commemorative Society, which held its first meeting at the Union Club, in New York City, on May 11.

The New York "Sun," in reporting this, said:

"The Society was founded to perpetuate the principles of freedom of the press, of speech, of assembly, of religion and of the other liberties embodied in the Constitution.

"Its purposes include the maintenance of historic shrines and the conduct of a national educational campaign to inform the public, and particularly school children, of their historic liberties under the Bill of Rights. Other officers elected were:

"Vice-Presidents — Frederic R. Coudert Jr., attorney; Messmore Kendall, President-General of the Sons of the American Revolution; Frank E. Gannett, publisher, and Mrs. Victor Morawetz; Treasurer, Frank K. Houston, President of the Chemical Bank & Trust Co.; Secretary, Lyon Boston, attorney; Executive Committee, the officers and Judge Albert Conway of the Court of Appeals; DeLancey Kountze, Chairman of Devoe & Reynolds, and Gardner Osborn, Director of the Federal Hall Museum.

"Mme. Chiang Kai-shek and President Roosevelt were elected the first honorary members of the Society."

Wholesale Commodity Index Declined 0.1% During Week Ended June 5, Says Labor Dept.

The U. S. Department of Labor announced on June 10 that weakening prices for fresh fruits and vegetables brought the Bureau of Labor Statistics' comprehensive index prices in primary markets down 0.1% during the first week of June. The all-commodity index dropped to 103.9% of the 1926 average, slightly below the peak level of the preceding week.

The Department's announcement further said:

"**Farm products and foods.** Average prices for farm products dropped 0.3% during the week largely because of sharp declines for potatoes, citrus fruits, cotton, wheat, and rye. Prices were higher for barley, corn, oats, eggs, apples, and onions. Notwithstanding the decrease farm products are over 1% higher than at this time last month and nearly 20% higher than for the first week of June a year ago.

"The decline of 1.2% in prices for fruits and vegetables also accounted for a decrease of 0.1% in the foods group index. Higher prices were reported for butter, rye, flour, and pickled cod fish. Average prices for foods are 1% above the early May level and 11% higher than at this time last year.

"**Industrial commodities.** There were comparatively few changes in industrial commodity markets during the week. Anthracite declined fractionally while bituminous coal in some areas advanced. Minor price increases were reported for some types of lumber, particularly maple flooring and pine boards, while quotations were lower for southern pine dimension, spruce and redwood lumber. Rosin and turpentine continued to advance.

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for May 8, 1943 and June 6, 1942 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to June 5,1943 from—		
Commodity groups—	6-5 1943	5-29 1943	5-22 1943	5-8 1943	6-6 1942	5-29 1943	5-8 1943	6-6 1942
All commodities	*103.9	*104.0	*103.8	*103.7	98.7	—0.1	+0.2	+ 5.3
Farm products	*126.3	*126.7	*125.8	*124.8	105.6	—0.3	+1.2	+19.6
Foods	110.6	110.7	110.3	109.4	99.7	—0.1	+1.1	+10.9
Hides and leather products	118.4	118.4	118.4	118.4	118.8	0	0	— 0.3
Textile products	96.9	96.9	96.9	96.9	97.2	0	0	— 0.3
Fuel and lighting materials	81.4	81.3	81.3	81.6	78.9	+0.1	—0.2	+ 3.2
Metals and metal products	*103 9	*103.9	*103.9	*103.9	104.0	0	0	— 0.1
Building materials	110.4	110.3	110.3	110.4	109.0	+0.1	0	+ 0.5
Chemicals and allied products	100.2	100.2	100.2	100.2	97.2	0	0	+ 3.1
Housefurnishing goods	104.2	104.2	104.2	104.2	104.5	0	0	— 0.3
Miscellaneous commodities	91.7	91.7	91.7	91.4	90.0	0	+0.3	+ 1.9
Raw materials	*114.1	*114.3	*113.8	*113.2	100.4	—0.2	+0.8	+13.6
Semimanufactured articles	92.9	92.9	92.9	92.9	92.7	0	0	+ 0.2
Manufactured products	*100.9	*100.9	*100.9	*101.0	98.9	0	—0.1	+ 2.0
All commodities other than farm products	*99.1	*99.1	*99.1	*99.1	97.2	0	0	+ 2.0
All commodities other than farm products and foods	*96.9	*96.9	*96.9	*96.9	95.9	0	0	+ 1.0

*Preliminary.

Bank Debits For Month Of May

The Board of Governors of the Federal Reserve System issued on June 9 its usual monthly summary of "bank debits," which we give below:

SUMMARY BY FEDERAL RESERVE DISTRICTS

(In millions of dollars)

			—3 Months Ended—	
Federal Reserve District—	May 1943	May 1942	May 1943	May 1942
Boston	3,053	2,763	10,306	8,424
New York	25,889	18,800	79,654	55,328
Philadelphia	2,837	2,489	9,460	7,618
Cleveland	4,046	3,568	13,061	10,695
Richmond	2,126	2,007	6,967	5,986
Atlanta	1,959	1,681	6,071	4,964
Chicago	8,736	7,530	29,483	22,822
St. Louis	1,965	1,768	5,809	4,854
Minneapolis	1,086	858	3,523	2,658
Kansas City	2,000	1,558	6,360	4,614
Dallas	1,599	1,281	5,086	3,806
San Francisco	5,411	4,038	16,914	12,346
†Total, 274 centers	60,708	48,342	192,693	144,116
*New York City	23,916	16,985	73,464	50,064
*140 other centers	32,115	27,241	103,974	81,456
†133 other centers	4,676	4,116	15,255	12,596

*Included in the national series covering 141 centers, available beginning in 1919

†Excluding centers for which figures were not collected by the Board before May, 1942.

Non-Ferrous Metals—Lower Freight Rate Reduces Cost Of Antimony—Lead In Demand

Editor's Note.—At the direction of the Office of Censorship certain production and shipments figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of June 10, stated: "That a lower freight rate on shipments of antimony into the New York market will soon be recognized by all concerned was indicated last week when sellers billed consumers for freight at $14.85 per ton, plus the 3% tax, instead of the former rate of $18.48, plus tax. This, in effect, lowered the cost of obtaining antimony in New York about one-fifth of a cent a pound. The question of lifting the price paid to Bolivian producers for tin concentrate sold to Metals Reserve was discussed in Washington during the week. Bolivian authorities hope to raise the price level 10c. a pound to 70c., f.o.b. South American ports. In major non-ferrous metals, increased buying of lead featured trading." The publication further went on to say:

Copper

In spite of the fact that some government officials still view the copper situation as "most critical," tight control over distribution under CMP has eased the market so far as producers are concerned. Tension among sellers to obtain necessary supplies has almost disappeared in recent months. The price of copper to domestic consumers continues on the basis of 12c., Valley.

WPB has ordered the major cable companies to ship a definite amount of copper cable into regular warehouses each month. This step was taken to forestall any possible shortages in either emergency or regular production requirement for cable in the mining industry. The first directive covers Nos. 1, 2, 4, and 6 single-conductor locomotive cable, same sizes for parallel duplex mining machine cable, and two-conductor concentric mining machine cable.

Lead

Demand for domestic lead for July shipment increased last week, and activity is expected to continue at a good rate until the industry gets set for next month's allocation of foreign metal. June needs of consumers have been covered to the extent of slightly more than 85%, with July at 30%. The price situation in lead was unchanged.

Zinc

To clear up any uncertainty that may have existed concerning the purchase of zinc without allocation, WPB has amended Order M-11 as follows:

"Any person may ship, sell and deliver zinc, remelt zinc or zinc scrap to the Metals Reserve Co., without an allocation certificate, preference ratting or any specific authority from the War Production Board, provided, however, that such material is purchased for the sole purpose of stock-piling or redistribution."

With preliminary work on June deliveries out of the way, the market appeared to be inactive last week. The price situation remains unchanged.

Antimony

Though the freight-rate situation on shipments of antimony into the New York area has not yet been clarified, metal sold during the last week on the basis of the lowest rate named, and the leading producer intends to book business at the reduced level "until further notice." For 99½% antimony, the ex warehouse New York price on lots of 5 tons but less than a carload has been lowered to 15.839c. per pound, against the former quotation of 16.049c. This figure is arrived at by calculating the freight per 224-lb. case at $1.88. The bulk New York equivalent ($14.85 plus 3% tax for freight) is quotable at 15.265c. per pound, carload lots.

Tin

Bolivia exported the equivalent of 3,059 metric tons of tin contained in concentrates during April, which compares with 3,646 tons in March, and 3,244 tons in April last year. Exports for the first four months of 1943 amounted to 13,367 tons of tin contained in concentrates, which contrasts with 13,155 tons in the same period last year. Patino accounted for almost half of the total exported in the Jan.-April period of the current year.

"Grade A" or Straits quality tin continues at 52c. a pound. Shipment prices on Straits quality metal were nominally as follows:

	June	July	Aug.
June 3	52.000	52.000	52.000
June 4	52.000	52.000	52.000
June 5	52.000	52.000	52.000
June 7	52.000	52.000	52.000
June 8	52.000	52.000	52.000
June 9	52.000	52.000	52.000

Chinese, or 99% tin, continues at 51.125c. a pound.

Cadmium

About 90% of the cadmium consumed at the present time is going into plating. The remainder is being allocated for bearings, pigments, solders, and various alloys, producers were told at a recent meeting of the Cadmium Industry Advisory Committee of WPB. Sales of cadmium have declined in volume, reflecting pressure on consumers to reduce inventories to two or three months' requirements. Under ordinary conditions, it was revealed, consumers' inventories are sufficient to cover from eight to twelve months' needs. As soon as the inventory position has been corrected, buying should increase appreciably, WPB holds. The price situation in cadmium remains unchanged.

Quicksilver

Supplies of quicksilver appear to be ample, nothwithstanding heavy war demands for the metal. With the price structure more or less frozen under prevailing conditions (floor and ceiling prices), quotations here continued last week at $196@$198 per flask.

Silver

The compliance division of WPB is investigating uses to which silver is being put, indicating that the conservation order limiting consumption in non-essentials may not be understood in some directions. Investigators will examine records of some 217 companies manufacturing silver products.

The London market for silver was unchanged last week at 23½d. The New York Official held at 44¾c., and the Treasury's price continued at 35c.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" as of July 31, 1942, page 380.

W. R. Burgess Heads Unified NY War Bond Sales Organization

Secretary of the Treasury Morgenthau, announced on June 7 that the "unification" of New York's bond sales organization is nearly complete. The State War Savings Staff, which has been in operation here since May 1941, has been merged, along with the State's membership of the Second Federal Reserve District Victory Fund Committee, into the War Finance Committee for the State of New York, which will guide the work of volunteer workers previously affiliated with both merged groups. The Treasury announcement further said:

"Mr. Morgenthau announced that he has appointed W. Randolph Burgess, Vice Chairman of the Board of the National City Bank and formerly Vice President of the Federal Reserve Bank of New York, as Chairman of New York's new War Finance Committee.

"Other oficers of the new committee will include Bayard Pope as Vice Chairman and Nevil Ford as Executive Manager. Mr. Pope is Chairman of the Marine Midland Corporation and for the past year has been Chairman of the War Savings Staff Executive Committee, while Mr. Ford has been on leave of absence from the First Boston Corporation, where he is a Vice President and Director, to act as Administrator of the New York War Savings Staff.

"A 'working committee,' being set up by the Secretary of the Treasury and the officers of the new War Finance Committee, will consist of aproximately 40 people representing business, labor, banking, women's interests and other groups. Telegrams to these representatives in all sections of the State were sent on June 7 by Secretary Morgenthau, who said the complete committee would be announced in a few days.

"New York is on the first States to be set up under the new plan which calls for merging the Victory Fund Committees and War Savings Staff under the leadership of a single state chairman.

"We decided upon this plan," Secretary Morgenthau said, "after long consideration and consultation with State and district leaders of the War Savings Staffs and Victory Committees. One objective of this new arrangement is to enable us to reach into the mass market and get more bonds into the hands of more and more people. We believe that under this arrangement we will be able to increase the number of volunteer workers upon whose shoulders squarely rests results of our bond drives. We believe also that the State set-up will facilitate our work with labor groups, who are playing a most vital part in bond promotions not only in payroll savings but in continuous selling and special drives."

Following the general plan set by national War Week leaders, the New York State Committee will operate under three broad divisions. The Banking and Investment division will be in charge of the sale of bonds to customers of banks and financial institutions, and will function with the help of a Banking and Investment Advisory Committee under the chairmanship of W. C. Potter, Chairman of the Executive Committee of the Guaranty Trust Co. The Industrial Division, which will have charge of Payroll Savings, will be directed by Jack Stevens, President of J. P. Stevens Co., who has been in charge of this work in New York for the past year. A third division will be set up to handle general community activities, and the director of this division will be announced shortly.

In announcing the new organization, the Secretary expressed his apreciation for the work done in the Second War Loan Drive by Allan Sproul, President of the Federal Reserve Bank of New York, who headed the Second Federal Reserve District Victory Fund Committee, and the successful Second War Loan, and to Richard C. Patterson, Jr., who for two years has headed the War Savings Staff.

"Mr. Sproul," the Seeretary said, "will work closely with the new Committee and as President of the Federal Reserve Bank of New York, the Treasury's fiscal agent, he will be in charge of security sales to government bond dealers, commercial banks, mutual savings banks and insurance companies." Mr. Morgenthau further stated:

"Mr. Patterson, who has served his country well since the very beginning of New York's bond selling group is returning to his business. He organized the New York War Savings Staff and as its executive and administrative head made it outstanding among the 48 State Organizations. I am happy to say that he has agreed to continue to give us the benefit of his advice and experience.

"The new organization will carry on the work of the merged groups without interruption, and will start immediately to make plans for the continuing sale of war bonds and for the Third War Loan, scheduled to start in September. We believe that we can expect greater success than ever before, because we are now putting into practice what we have learned from the two previous war loan drives."

Mr. Burgess assumed his new duties on June 8, and he has said that he will announce further details of the organization in a few days. Mr. Patterson has been on leave from his executive post with the Radio-Keith-Orpheum Corp.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
Jun 15	120.03	110.52	118.60	116.02	111.07	97.78	102.13	113.50	116.22
14	119.99	110.34	118.60	115.82	111.07	97.62	102.13	113.50	116.22
12	119.99	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
11	119.99	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
10	119.99	110.34	118.40	116.02	111.07	97.62	102.13	113.31	116.02
9	120.02	110.34	118.40	116.02	111.07	97.78	102.13	113.50	116.22
8	120.07	110.34	118.40	115.82	111.07	97.62	102.13	113.31	116.02
7	120.03	110.34	118.40	115.82	111.07	97.94	102.30	113.50	116.02
5	119.93	110.34	118.40	116.02	111.07	97.78	102.30	113.50	116.02
4	119.92	110.34	118.40	115.82	111.07	97.78	102.30	113.50	116.02
3	119.89	110.34	118.40	115.82	110.88	97.78	102.30	113.31	116.02
2	119.85	110.34	118.40	115.82	110.88	97.78	102.30	113.31	115.82
1	119.82	110.34	118.40	115.82	110.88	97.78	102.30	113.31	115.82
May 28	119.82	110.34	118.20	115.82	110.88	97.78	102.30	131.31	115.82
21	119.44	110.15	118.20	115.82	110.70	97.47	101.97	113.12	115.82
14	119.27	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
7	119.03	109.79	118.00	115.43	110.52	97.16	101.47	112.93	115.82
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
22	118.22	109.60	118.00	115.43	110.34	96.69	100.98	113.12	115.82
16	118.06	109.60	117.80	115.43	110.52	96.38	100.81	112.93	115.63
9	117.48	109.60	117.80	115.43	110.52	96.69	100.98	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
19	116.86	109.42	117.60	115.43	110.52	95.92	100.32	113.12	115.63
12	116.87	109.24	117.60	115.43	110.34	95.77	100.16	112.93	115.43
5	116.97	109.42	117.80	115.43	110.34	95.77	100.16	113.12	115.43
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	120.07	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago June 15, 1942	118.36	106.21	116.02	112.93	107.44	91.19	95.62	110.88	113.50
2 Years ago June 14, 1941	118.97	106.92	117.60	114.08	107.44	91.34	96.85	111.25	113.70

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
Jun 15	1.86	3.14	2.72	2.85	3.11	3.89	3.62	2.98	2.84
14	1.87	3.15	2.72	2.86	3.11	3.90	3.62	2.98	2.84
12	1.87	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
11	1.87	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
10	1.87	3.15	2.73	2.85	3.11	3.90	3.62	2.99	2.85
9	1.86	3.15	2.73	2.85	3.11	3.89	3.62	2.98	2.84
8	1.86	3.15	2.73	2.86	3.11	3.90	3.62	2.99	2.85
7	1.86	3.15	2.73	2.86	3.11	3.88	3.61	2.98	2.85
5	1.87	3.15	2.73	2.85	3.11	3.89	3.61	2.98	2.85
4	1.87	3.15	2.73	2.86	3.11	3.89	3.61	2.98	2.85
3	1.87	3.15	2.73	2.86	3.12	3.89	3.61	2.99	2.85
2	1.87	3.15	2.73	2.86	3.12	3.89	3.61	2.99	2.86
1	1.88	3.15	2.73	2.86	3.12	3.89	3.61	2.99	2.86
May 28	1.88	3.15	2.74	2.86	3.12	3.89	3.61	2.99	2.86
21	1.90	3.16	2.74	2.86	3.13	3.91	3.63	3.00	2.86
14	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
7	1.93	3.18	2.75	2.88	3.14	3.93	3.66	3.01	2.86
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
22	1.99	3.19	2.75	2.88	3.15	3.96	3.69	3.00	2.86
16	2.00	3.19	2.76	2.88	3.14	3.98	3.70	3.01	2.87
9	2.04	3.19	2.76	2.89	3.14	3.96	3.69	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
19	2.07	3.20	2.77	2.88	3.14	4.01	3.73	3.00	2.87
12	2.07	3.21	2.77	2.88	3.15	4.02	3.74	3.01	2.88
5	2.07	3.20	2.76	2.88	3.15	4.02	3.74	3.00	2.88
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.86	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago June 15, 1942	1.94	3.38	2.85	3.01	3.31	4.33	4.03	3.12	2.98
2 Years ago June 14, 1941	1.89	3.34	2.77	2.95	3.31	4.32	3.95	3.10	2.97

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Electric Output For Week Ended June 12, 1943, Shows 16.7% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended June 12, 1943, was approximately 4,040,376,000 kwh., compared with 3,463,528,000 kwh. in the corresponding week last year, an increase of 16.7%. The output for the week ended June 5, 1943, was 16.4% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— June 12	June 5	May 29	May 22
New England	7.7	5.0	12.2	9.3
Middle Atlantic	15.8	14.6	20.2	16.3
Central Industrial	13.2	11.8	16.4	16.7
West Central	10.3	10.7	11.2	11.4
Southern States	20.2	21.3	22.4	17.8
Rocky Mountain	11.8	19.2	15.9	16.4
Pacific Coast	28.4	28.6	33.4	31.9
Total United States	16.7	16.4	20.1	18.1

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Mar 6	3,946,630	3,392,121	+16.3	3,004,639	1,538,452	1,702,570
Mar 13	3,944,679	3,357,444	+17.5	2,983,591	1,537,747	1,687,229
Mar 20	3,946,836	3,357,032	+17.6	2,983,048	1,514,553	1,683,262
Mar 27	3,928,170	3,345,502	+17.4	2,975,407	1,480,208	1,679,589
Apr 3	3,889,858	3,348,608	+16.2	2,959,646	1,465,076	1,633,291
Apr 10	3,882,467	3,320,858	+16.9	2,905,581	1,480,738	1,696,543
Apr 17	3,916,794	3,307,700	+18.4	2,897,307	1,469,810	1,709,331
Apr 24	3,925,175	3,273,190	+19.9	2,950,448	1,454,505	1,699,822
May 1	3,866,721	3,304,602	+17.0	2,944,906	1,429,032	1,688,434
May 8	3,903,723	3,365,208	+16.0	3,003,921	1,436,928	1,698,942
May 15	3,969,161	3,356,921	+18.2	3,011,345	1,435,731	1,704,426
May 22	3,992,250	3,379,985	+18.1	3,040,029	1,425,151	1,705,460
May 29	3,990,040	3,322,651	+20.1	2,954,647	1,381,452	1,615,085
Jun 5	3,925,893	3,372,374	+16.4	3,076,323	1,435,471	1,689,925
Jun 12	4,040,376	3,463,528	+16.7	3,101,291	1,441,532	1,699,227
Jun 19		3,433,711		3,091,672	1,440,541	1,702,501
Jun 26		3,457,024		3,156,825	1,456,961	1,723,428

Daily Average Crude Oil Production For Week Ended June 5, 1943 Declined 37,350 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended June 5, 1943 was 3,932,950 barrels, a decrease of 37,350 barrels from the preceding week, and 285,950 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of June, 1943. The current figure, however, is 331,450 barrels per day more than in the corresponding week of last year. Daily production for the four weeks ended June 5, 1943 averaged 3,973,350 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,662,000 barrels of crude oil daily and produced 10,632,000 barrels of gasoline; 1,437,000 barrels of kerosine; 3,063,000 barrels of distillate fuel oil, and 7,505,000 barrels of residual fuel oil during the week ended June 5, 1943; and had in storage at the end of that week 82,205,000 barrels of gasoline; 6,495,000 barrels of kerosine; 32,577,000 barrels of distallate fuels, and 67,210,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations June	*State Allowables Begin. June 1	Actual Production Week Ended June 5, 1943	Change from Previous Week	4 Weeks Ended June 5 1943	Week Ended June 6, 1942
Oklahoma	373,500	373,500	†328,750	+ 5,500	323,250	380,200
Kansas	300,000	300,000	†271,050	—28,400	296,900	218,300
Nebraska	2,400	------	†2,150	+ 100	2,100	3,950
Panhandle Texas			90,400	— 700	90,950	87,000
North Texas			131,800	+ 50	131,800	149,500
West Texas			228,300	+ 1,550	227,150	207,100
East Central Texas			123,750	— 550	124,150	78,600
East Texas			336,200	— 3,100	338,500	368,650
Southwest Texas			209,950	— 4,050	213,000	142,900
Coastal Texas			378,800	+ 3,600	376,100	241,800
Total Texas	1,602,000	‡1,603,709	1,499,200	— 3,200	1,501,650	1,275,550
North Louisiana			85,500	— 1,550	86,700	87,150
Coastal Louisiana			246,550	—14,500	257,450	215,750
Total Louisiana	330,800	350,550	332,050	—16,050	344,150	302,900
Arkansas	72,800	75,043	73,000	+ 100	72,650	73,200
Mississippi	50,000		54,200	+ 200	54,250	84,250
Illinois	246,200		212,800	+ 1,250	213,650	293,650
Indiana	15,500		11,350	— 2,300	13,100	22,200
Eastern (not incl. Ill. Ind., Ky.)	88,400		78,250	— 1,450	79,400	84,450
Kentucky	23,100		22,200	+ 250	22,250	11,600
Michigan	58,900		57,900	— 3,800	59,050	65,500
Wyoming	97,000		92,900	+ 800	92,650	93,800
Montana	22,300		20,900	----	20,700	21,800
Colorado	7,000		6,950	+ 300	6,750	6,900
New Mexico	105,700	105,700	96,800	— 50	96,900	54,550
Total East of Calif.	3,395,600		3,160,450	—46,750	3,199,400	2,992,800
California	823,300	§823,300	772,500	+ 9,400	773,950	608,700
Total United States	4,218,900		3,932,950	—37,350	3,973,350	3,601,500

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in March, 1943, as follows: Oklahoma, 27,700; Kansas, 5,600; Texas, 105,800; Louisiana, 20,400; Arkansas, 2,500; Illinois, 10,600; Eastern (not including Illinois, Indiana or Kentucky), 9,700; Kentucky, 3,500; Michigan, 100; Wyoming, 2,200; Montana, 300; New Mexico, 5,500; California, 43,400.

†Oklahoma, Kansas, Nebraska figures are for week ended 7 a.m., June 3, 1943.

‡This is the net basic allowable as of June 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 14 days, the entire state was ordered shut down for 10 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 10 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JUNE 5, 1943
(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	Daily Refining Capacity Potential Rate	% Reporting	Crude Runs to Stills Daily Average	% Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	1,708	69.9	5,040	32,696	13,780	11,340
Appalachian	177	84.8	155	87.6	421	2,430	873	485
Ind., Ill., Ky.	824	85.2	696	84.5	2,357	18,372	4,254	3,135
Okla., Kans., Mo.	416	80.1	314	75.5	1,003	6,356	1,742	1,566
Rocky Mountain	147	49.0	83	56.5	263	1,872	329	585
California	817	89.9	706	86.4	1,548	20,479	11,599	50,099
Tot. U. S. B. of M. basis June 5, 1943	4,825	86.2	3,662	75.9	10,632	†82,205	32,577	67,210
Tot. U. S. B. of M. basis May 29, 1943	4,825	86.2	3,679	76.2	10,656	83,937	32,274	67,682
U. S. Bur. of Mines basis June 6, 1942			3,462		10,285	93,192	30,604	79,806

*At the request of the Petroleum Administration for War. †Finished, 71,745,000 barrels; unfinished, 10,460,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,437,000 barrels of kerosine, 3,063,000 barrels of gas oil and distillate fuel oil and 7,505,000 barrels of residual fuel oil produced in the week ended June 5, 1943, whch compares with 1,450,000 barrels, 3,798,000 barrels and 7,672,000 barrels, respectively, in the preceding week and 7,505,000 barrels, 7,672,000 barrels and 6,723,000 barrels, respectively, in the week ended June 6, 1942.

Note—Stocks of kerosine amounted to 6,495,000 barrels at June 5, 1943, as against 5,936,000 barrels a week earlier and 8,610,000 barrels a year before.

Auburn Gets Embassy Post

H. W. Auburn, formerly Assissistant Vice-President and European Representative of the Manufacturers Trust Co., New York, has been appointed a First Secretary of the British Embassy in Washington, D. C. Mr. Auburn was in charge of Manufacturers Trust Company's representative office in London from 1937 to late 1940, since which time he has been on leave of absence from the bank and has been connected with the British Embassy in Washington.

Idle Copper Scrap Bonus Dropped

The War Production Board on June 11 announced that as of Aug. 1, 1943, it would terminate its present practice of paying prices substantially above the current scrap price level for copper stocks, unusable in their present forms, which have been made idle as a result of WPB conservation orders and which are required for remelting for war use.

The Government will continue to pay the present higher-than-scrap prices, under the copper recovery program, for certain materials reported to the WPB up to and including July 31 and purchased for remelting. These higher-than-scrap prices will not, however, be offered for materials which have been the basis of any claims on the Government for compensation or damages arising out of termination or modification of Government contracts. Only reports postmarked before midnight of July 31 will be considered as reported on that date.

Holders of idle inventories of copper and copper-base alloys which cannot be used in their present forms and which are reported on and after Aug. 1 will be directed to sell such materials at scrap prices.

The new procedure, effective Aug. 1, was adopted because of the virtual completion of the change from a peacetime to a wartime economy and because of the general cleaning out of the inventories resulting from that change.

Idle materials which can be used in their present forms will continue to be redistributed, as at present, through direct transactions between owners and purchasers, at negotiated prices, the WPB stated.

Under the WPB Copper Recovery Program, purchases for the Government have been made by Copper Recovery Corporation, agent for Metals Reserve Co., a Federal corporation.

U. S. Lumber Mission In Britain For Study

A four-man mission from the United States has arrived in Great Britain to discuss matters of common interest regarding the control and production of timber, it was disclosed in London on June 7.

Members of the mission are David Winton, head of the pulp and paper division of the War Production Board; George Trayer, head of the products division of the Forest Service; George Thompson, representing the plywood and veneer section of the WPB and Thorward W. Carlson, head of the materials and containers division of the Forest Products Laboratory.

The delegation plans to visit the principal centers of production.

Paper Increases Price

The Lawrence (Mass.) "Evening Tribune" has increased the price of the paper from three to four cents. The step was taken, the paper said, because of "rising production costs, increased taxes and declining advertising due to war conditions."

Moody's Daily Commodity Index

Tuesday, June 8	244.8
Wednesday, June 9	244.4
Thursday, June 10	245.0
Friday, June 11	245.3
Saturday, June 12	245.2
Monday, June 14	245.0
Tuesday, June 15	244.6
Two weeks ago, June 1	246.0
Month ago, May 15	244.2
Year ago, June 15	228.0
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

Trading On New York Exchanges

The Securities and Exchange Commission made public on June 12 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended May 29, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended May 29 (in round-lot transactions) totaled 2,113,855 shares, which amount was 15.30% of the total transactions on the Exchange of 6,907,110 shares. This compares with member trading during the week ended May 22 of 2,270,055 shares, or 16.94% of total trading of 6,700,480 shares. On the New York Curb Exchange, member trading during the week ended May 29 amounted to 423,695 shares, or 12.90% of the total volume of that Exchange of 1,641,885 shares; during the May 22 week trading for the account of Curb members of 496,655 shares was 13.95% of total trading of 1,779,725 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED MAY 29, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	112,040	
‡Other sales	6,795,070	
Total sales	6,907,110	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	575,880	
Short sales	68,000	
‡Other sales	471,510	
Total sales	539,510	8.07
2. Other transactions initiated on the floor—		
Total purchases	312,620	
Short sales	12,600	
‡Other sales	268,160	
Total sales	280,760	4.30
3. Other transactions initiated off the floor—		
Total purchases	171,105	
Short sales	15,000	
‡Other sales	218,980	
Total sales	233,980	2.93
4. Total—		
Total purchases	1,059,605	
Short sales	95,600	
‡Other sales	958,650	
Total sales	1,054,250	15.30

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED MAY 29, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	9,635	
‡Other sales	1,632,250	
Total sales	1,641,885	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	115,630	
Short sales	8,160	
‡Other sales	122,725	
Total sales	130,885	7.51
2. Other transactions initiated on the floor—		
Total purchases	37.380	
Short sales	200	
‡Other sales	40,550	
Total sales	40,750	2.38
3. Other transactions initiated off the floor—		
Total purchases	29,720	
Short sales	100	
‡Other sales	69,230	
Total sales	69,330	3.01
4. Total—		
Total purchases	182,730	
Short sales	8,460	
‡Other sales	232,505	
Total sales	240,965	12.90
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	60,507	
Total purchases	60,507	
Total sales	45,099	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended June 5, 1943, is estimated at 3,050,000 net tons, the lowest figure recorded for any week since that ended April 26, 1941, when output for the country amounted to 1,612,000 tons. Production in the preceding week totaled 11,940,000 tons, and in the corresponding week of last year 11,034,000 tons. The decrease in output was due to the coal strike which started on June 1 and lasted for five days. For the present year to June 5, soft coal production was 1.7% in excess of that for the same period in 1942.

The U. S. Bureau of Mines estimated that the production of Pennsylvania anthracite for the week ended June 5 was 137,000 tons, a decrease of 1,215,000 tons from the preceding week. When compared with the output in the corresponding week of last year, there was a decrease of 905,000 tons.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended June 5 showed a decrease of 16,100 tons when compared with the output for the week ended May 29. The quantity of coke from beehive ovens decreased 104.900 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

(Data for Pennsylvania anthracite from Weekly Anthracite and Beehive Coke Report of the Bureau of Mines; data for crude petroleum computed from weekly statistics of American Petroleum Institute.)

(In Net Tons—000 Omitted.)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	June 5 1943	†May 29 1943	June 6 1942	‡June 5 1943	June 6 1942	June 5 1937
Total, incl. mine fuel	3,050	11,940	11,034	252,711	248,428	198,749
Daily average	526	1,990	1,839	1,910	1,875	1,513
*Crude Petroleum—						
Coal equivalent of weekly output	6,300	6,360	5,769	139,663	136,913	120,779

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B. t. u. per barrel of oil and 13,100 B. t. u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, Review of 1940, page 775). †Revised. ‡Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Cal. Year to Date		
Penn. anthracite—	§June 5 1943	May 29 1943	June 6 1942	June 5 1943	June 6 1942	June 8 1929
*Total, incl. coll. fuel	137,000	1,352,000	1,042,000	26,166,000	25,427,000	31,812,000
†Commercial production	132,000	1,298,000	¶1,000,000	25,120,000¶	24,410,000	29,522,000
Beehive coke—						
United States total	61,900	166,800	155,700	3,446,500	3,543,500	2,890,300
By-product coke—						
United States total	1,202,600	1,218,700	1,198,300	27,183,600	26,391,900	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					May
State—	May 29 1943	May 22 1943	May 30 1942	May 31 1941	May 29 1937	Avge. ¶1923
Alabama	404	404	399	329	290	398
Alaska	6	6	5	4	2	**
Arkansas and Oklahoma	48	50	70	15	17	66
Colorado	147	159	132	75	96	168
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,082	1,340	1,159	848	563	1,292
Indiana	459	441	360	374	261	394
Iowa	46	38	36	41	26	89
Kansas and Missouri	143	81	140	74	84	131
Kentucky—Eastern	1,005	971	1,012	934	783	679
Kentucky—Western	266	278	255	120	121	183
Maryland	39	39	39	31	17	47
Michigan	5	6	5	1	1	12
Montana (bituminous and lignite)	81	77	49	43	34	42
New Mexico	33	32	32	18	27	57
North and South Dakota (lignite)	26	23	24	16	16	**14
Ohio	723	699	634	498	460	860
Pennsylvania (bituminous)	3,130	2,865	2,743	2,516	2,011	3,578
Tennessee	139	133	156	140	110	121
Texas (bituminous and lignite)	2	5	5	5	16	22
Utah	115	134	97	49	31	74
Virginia	428	409	420	388	258	250
Washington	27	28	38	28	32	44
*West Virginia—Southern	2,390	2,294	2,276	2,281	1,749	1,380
†West Virginia—Northern	1,032	937	842	710	526	862
Wyoming	162	164	129	88	67	110
‡Other Western States	1	1	††	††	††	**5
Total bituminous and lignite	11,940	11,615	11,058	9.627	7,598	10,878
§Pennsylvania anthracite	1,352	1,261	813	1,082	1,176	1,932
Total all coal	13,292	12.876	11,871	10,709	8,774	12,810

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Steel Operations To Be Increased—Controls Over Inventories and Scheduling Tightening

"Temperatures have been rising during the past 10 days in the steel industry," the "Iron Age" states in its issue of today (June 17), further adding in substance: "James F. Byrnes, Director of the Office of War Mobilization, hardly had settled in his new office when he expressed the view that greater steel production is imperative because of the speed of the war program. Down the line passed the order for action. Soon telegrams from C. E. Wilson of WPB began arriving at steel company offices asking for much data.

"Somehow, 1,000,000 more tons of ignots must be produced in third quarter of this year, said Mr. Byrnes, and in fourth quarter an extra 1,000,000 tons must be made. It was found allotments of rolled steel under CMP for third quarter were around 1,000,000 tons in excess of probable rollings. The greater production will consist mostly of carbon steel.

"The farm equipment industry already has been allocated an increased allotment of 300,000 tons of carbon steel and the railroads, Lend-Lease and other accounts are expected to benefit.

"To help attain the new goal, the steel industry's expansion program will be given fullest priority assistance, which it has not always had previously. Controls over inventories and scheduling will be tightened; alloy steel production in open hearth furnaces probably will be cut back, and allotments which are said to total around 17,400,000 tons of rolled steel may be trimmed.

"Possessing vast ingot making capacity, which it has operated at close to 100% for many months, the steel industry has been impeded by insufficient blooming mill capacity, annealing furnaces, hot topping equipment and other processing facilities. As to the expansion program which the industry has been pushing as vigorously as possible in the face of obstacles, completion dates of full facilities have been sheer guess work. Blowers for blast furnaces, cranes, various auxiliary equipment have been particularly difficult to obtain, through no fault of the makers. The possibilities of shortages of coke and manpower have lurked ominously in the background recently.

"The advent of warm weather invariably means production losses sometimes as much as four to seven per cent in some steel plants, due to the effect of the heat upon the workers' efficiency.

"Adding emphasis to the new campaign for more steel, were figures cited last week at Detroit by Mr. Wilson, Vice Chairman of WPB, who said arms schedules call for an increase in total production of 24.5% next year as against 1943. The monthly average in 1944 also is slated to be above the peak in 1943. Output in aircraft in 1943 will double 1942 in its volume, he said, while tonnage is slated to nearly triple that of 1942. Tank program reductions, he said, were reduced because 'an ally requiring large quantities' has developed its own production."

The American Iron and Steel Institute on June 14 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.8% of capacity for the week beginning June 14, compared with 97.5% one week ago, 98.6% one month ago and 98.3% one year ago. This represents an increase of 0.3 point or 0.3% from the preceding week. The operating rate for the week beginning June 14 is equivalent to 1,693,600 tons of steel ingots and castings, compared to 1,688,400 tons one week ago, 1,707,400 tons one month ago, and 1,669,700 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets, stated in part as follows: "An important factor in the tightening situation in steel delivery may be found in increased shipment of semifinished material abroad.

"Present indications are third quarter movement will be the heaviest in more than a year, in sharp contrast with last fall when tonnage accumulated at ports was offered for sale and orders on mill books were canceled. Since then the quantity moved under lend-lease has been small, until late February when it started to increase.

"Deliveries on current steel orders are receding steadily in spite of practically capacity production.

"Scrap supply is sufficient for current needs and deliveries in the Midwest have returned to normal after recent floods subsided. In general melters are able to lay down some reserves but backlogs have not been accumulated to the usual degree.

"Steel ingot and castings production in May was third largest for any month in the history of the industry, at 7,545,379 net tons, an increase over April but short of the all-time record in March. A feature of May production was the third consecutive high mark in electric furnace ingots, which were produced at 102.9% of rated capacity.

"Relief for the agricultural implement industry is afforded by allocation of 300,000 tons of carbon steel for third quarter and 200,000 tons each quarter from Oct. 1 to July 1.

"Tin plate demand is increasing and producers expect third quarter operations will be at the limit of their quotas. While some tonnage is required for ordnance most current output is for canmaking, one large producer estimating that for third quarter 97% of his production will be for that purpose. Labor shortage is being encountered as many workers left for other employment during the slack period. Production now is at about 65% of capacity."

Revenue Freight Car Loadings During Week Ended June 5, 1943 Show Holiday Drop

Loading of revenue freight for the week ended June 5, 1943 totaled 667,575 cars, the Association of American Railroads announced on June 10. This was a decrease below the corresponding week of 1942 of 187,144 cars, or 21.9%, and a decrease below the same week in 1941, of 185,365 cars or 21.7%. Both 1942 and 1941 did not include holiday.

Loading of revenue freight for the week of June 5 which included a Holiday, decreased 184,943 cars, or 21.7% below the preceding week.

Miscellaneous freight loading totaled 357,092 cars, a decrease of 25,705 cars below the preceding week, and a decrease of 28,264 cars below the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 90,933 cars, a decrease of 7,442 cars below the preceding week, and a decrease of 6,654 cars below the corresponding week in 1942.

Coal loading amounted to 41,277 cars, a decrease of 131,154 cars below the preceding week, and a decrease of 122,488 cars below the corresponding week in 1942.

Grain and grain products loading totaled 38,404 cars, a decrease of 4,998 cars below the preceding week, but an increase of 2,533 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of June 5 totaled 24,904 cars, a decrease of 4,082 cars below the preceding week but an increase of 1,493 cars above the corresponding week in 1942.

Live stock loading amounted to 12,106 cars, a decrease of 1,458 cars below the preceding week, and a decrease of 378 cars below the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of June 5, totaled 8,874 cars, a decrease of 783 cars below the preceding week, and a decrease of 306 cars below the corresponding week in 1942.

Forest products loading totaled 41,688 cars, a decrease of 2,445 cars below the preceding week and a decrease of 11,631 cars below the corresponding week in 1942.

Ore loading amounted to 74,655 cars, a decrease of 8,249 cars below the preceding week and a decrease of 17,798 cars below the corresponding week in 1942.

Coke loading amounted to 11,420 cars, a decrease of 3,492 cars corresponding week in 1942.

below the preceding week, and a decrease of 2,434 cars below the

All districts reported decreases compared with the corresponding weeks in 1942, and 1941.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2.793.630
5 weeks of May	4,149,703	4,170,548	4,160,060
Week of June 5	667,575	854,689	852,940
Total	17,613,451	18,532,435	17,193,615

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended June 5, 1943. During this period only 18 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED JUNE 5

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
Eastern District—	1943	1942	1941	1943	1942
Ann Arbor	229	427	603	1,366	1,319
Bangor & Aroostook	748	1,356	1,647	340	266
Boston & Maine	5,968	6,124	8,650	13,218	15,655
Chicago, Indianapolis & Louisville	1,180	1,306	1,307	1,979	1,915
Central Indiana	32	23	19	48	61
Central Vermont	983	1,044	1,423	2,487	2,008
Delaware & Hudson	2,854	6,129	7,114	11,378	12,308
Delaware, Lackawanna & Western	5,304	7,694	10,180	11,315	9,598
Detroit & Mackinac	290	329	359	71	116
Detroit, Toledo & Ironton	1,536	1,703	2,874	1,014	1,079
Detroit & Toledo Shore Line	258	280	395	2,283	2,581
Erie	10,300	14,932	15,858	17,019	16,146
Grand Trunk Western	3,492	3,405	6,351	8,038	7,211
Lehigh & Hudson River	153	204	260	2,577	3,852
Lehigh & New England	785	1,621	2,385	1,356	1,819
Lehigh Valley	5,596	8,891	10,644	13,953	11,551
Maine Central	2,069	2,181	3,308	2,014	3,157
Monongahela	1,492	6,367	5,799	404	355
Montour	536	2,504	2,186	130	28
New York Central Lines	43,540	46,673	52,237	44,989	53,084
N. Y., N. H. & Hartford	9,002	10,035	12,270	17,373	20,305
New York, Ontario & Western	1,026	1,051	1,253	2,032	2,930
New York, Chicago & St. Louis	7,114	7,616	6,693	14,339	15,165
N. Y., Susquehanna & Western	505	553	529	2,209	1,232
Pittsburgh & Lake Erie	6,203	7,724	8,116	6,968	9,287
Pere Marquette	4,989	5,369	7,341	6,255	6,092
Pittsburg & Shawmut	361	718	650	21	31
Pittsburg, Shawmut & North	224	331	359	191	269
Pittsburgh & West Virginia	461	1,098	1,217	3,237	2,826
Rutland	313	310	572	935	925
Wabash	3,980	5,119	5,863	11,739	12,879
Wheeling & Lake Erie	4,174	5,351	5,994	4,862	4,529
Total	125,702	158,468	184,436	206,140	220,579
Allegheny District—					
Akron, Canton & Youngstown	695	635	696	994	980
Baltimore & Ohio	28,455	43,308	40,353	28,963	28,198
Bessemer & Lake Erie	4,563	7,479	7,280	1,840	1,967
Buffalo Creek & Gauley	279	288	267	2	3
Cambria & Indiana	236	1,935	2,023	5	6
Central R. R. of New Jersey	5,191	6,863	8,181	20,624	16,739
Cornwall	602	633	672	45	66
Cumberland & Pennsylvania	55	290	334	9	17
Ligonier Valley	97	118	110	22	44
Long Island	1,004	1,054	737	3,674	3,428
Penn-Reading Seashore Lines	1,527	1,673	1,640	3,076	2,634
Pennsylvania System	65,269	82,184	86,379	56,666	62,109
Reading Co.	10,578	14,143	18,790	26,101	28,551
Union (Pittsburgh)	19,829	20,963	18,612	6,805	8,321
Western Maryland	2,244	4,112	4,159	11,496	13,536
Total	140,624	185,678	190,233	160,322	166,599
Pocahontas District—					
Chesapeake & Ohio	10,608	29,236	29,039	11,304	13,272
Norfolk & Western	8,331	23,135	23,542	6,866	6,393
Virginian	1,202	4,799	4,515	2,020	2,208
Total	20,141	57,170	57,096	20,190	21,873
Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
Southern District—	1943	1942	1941	1943	1942
Alabama, Tennessee & Northern	280	395	331	267	379
Atl. & W. P.—W. R. R. of Ala.	663	737	777	2,687	2,380
Atlanta, Birmingham & Coast	691	757	745	1,343	1,006
Atlantic Coast Line	13,437	12,877	11,573	10,934	8,274
Central of Georgia	3,745	3,609	4,470	5,365	3,905
Charleston & Western Carolina	539	474	659	1,655	1,508
Clinchfield	1,580	1,703	1,735	2,138	2,743
Columbus & Greenville	324	295	389	157	191
Durham & Southern	102	136	193	535	1,177
Florida East Coast	2,187	741	518	1,750	746
Gainesville Midland	38	40	39	108	180
Georgia	1,134	1,311	1,255	3,196	2,826
Georgia & Florida	377	399	394	516	458
Gulf, Mobile & Ohio	3,359	4,459	4,029	4,561	4,428
Illinois Central System	21,175	26,269	22,606	19,689	13,918
Louisville & Nashville	15,547	26,574	27,343	12,451	9,858
Macon, Dublin & Savannah	209	132	204	728	802
Mississippi Central	195	187	176	435	534
Nashville, Chattanooga & St. L.	2,992	3,822	3,292	5,021	4,131
Norfolk Southern	1,118	1,564	1,181	1,788	1,958
Piedmont Northern	383	329	469	1,101	1,171
Richmond, Fred. & Potomac	319	536	438	11,876	11,167
Seaboard Air Line	11,225	12,594	11,279	8,045	8,860
Southern System	19,607	23,777	26,530	24,498	22,526
Tennessee Central	501	611	575	982	1,084
Winston-Salem Southbound	113	94	142	791	845
Total	101,840	124,422	121,342	122,617	107,055
Northwestern District—					
Chicago & North Western	17,269	21,421	21,963	12,479	12,786
Chicago Great Western	2,149	2,371	2,723	2,911	2,968
Chicago, Milw., St. P. & Pac.	15,061	18,315	21,236	9,295	9,488
Chicago, St. Paul, Minn. & Omaha	2,595	3,353	4,124	3,759	3,197
Duluth, Missabe & Iron Range	24,449	28,715	22,622	286	364
Duluth, South Shore & Atlantic	892	1,340	1,081	609	576
Elgin, Joliet & Eastern	8,275	9,983	10,492	10,033	10,027
Ft. Dodge, Des Moines & South	380	517	591	73	125
Great Northern	23,130	27,276	22,610	6,693	5,255
Green Bay & Western	364	566	572	607	616
Lake Superior & Ishpeming	2,096	3,147	2,896	39	49
Minneapolis & St. Louis	1,288	1,753	1,919	2,043	2,629
Minn., St. Paul & S. S. M.	5,658	7,911	7,499	2,861	3,400
Spokane International	9,181	11,961	8,928	5,528	5,265
Northern Pacific	131	181	339	795	584
Spokane, Portland & Seattle	*2,689	2,806	2,776	*3,495	2,827
Total	115,607	141,616	132,371	61,566	60,156
Central Western District—					
Atch., Top. & Santa Fe System	21,358	22,359	23,005	11,629	10,231
Alton	2,335	3,134	3,459	4,621	4,509
Bingham & Garfield	554	636	608	91	106
Chicago, Burlington & Quincy	12,775	16,614	16,005	12,056	11,687
Chicago & Illinois Midland	668	2,446	2,590	662	880
Chicago, Rock Island & Pacific	10,454	11,795	12,781	12,972	9,620
Chicago & Eastern Illinois	1,692	1,991	2,671	5,369	3,399
Colorado & Southern	580	724	644	2,023	1,723
Denver & Rio Grande Western	1,661	2,806	2,106	6,139	4,730
Denver & Salt Lake	240	608	235	8	8
Fort Worth & Denver City	1,022	1,127	1,221	2,380	1,020
Illinois Terminal	1,324	1,831	1,959	1,408	2,401
Missouri-Illinois	683	1,559	1,059	237	491
Nevada Northern	1,997	1,981	2,009	91	110
North Western Pacific	1,048	1,080	942	696	491
Peoria & Pekin Union	1	1	10	0	0
Southern Pacific (Pacific)	29,190	29,619	28,655	14,794	8,676
Toledo, Peoria & Western	323	236	436	1,887	1,551
Union Pacific System	11,795	12,483	13,421	16,567	11,748
Utah	90	560	265	5	5
Western Pacific	1,814	2,036	1,677	3,801	3,494
Total	101,604	115,626	115,758	97,436	76,880
Southwestern District—					
Burlington-Rock Island	851	211	174	266	154
Gulf Coast Lines	5,169	5,547	3,122	2,435	3,141
International-Great Northern	2,290	3,143	2,020	3,460	2,773
Kansas, Oklahoma & Gulf	295	326	248	594	1,302
Kansas City Southern	5,010	5,445	2,333	3,070	2,688
Louisiana & Arkansas	3,332	3,978	1,954	3,245	2,366
Litchfield & Madison	259	388	307	1,175	1,059
Midland Valley	284	630	450	234	240
Missouri & Arkansas	181	125	170	502	365
Missouri-Kansas-Texas Lines	5,794	6,082	4,294	5,138	4,637
Missouri Pacific	12,259	18,439	14,571	19,179	19,276
Quanah Acme & Pacific	50	80	131	176	209
St. Louis-San Francisco	6,126	8,330	7,718	11,785	6,514
St. Louis Southwestern	2,850	3,140	2,614	6,231	6,092
Texas & New Orleans	*12,939	10,812	7,435	*4,510	4,337
Texas & Pacific	4,220	4,887	3,980	7,888	6,977
Wichita Falls & Southern	117	111	168	48	51
Weatherford M. W. & N. W.	31	35	15	21	21
Total	62,057	71,709	51,704	69,957	62,202

*Previous week's figure.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
Mar. 6	175,178	147,830	480,802	93	89
Mar. 13	166,885	146,062	498,927	93	89
Mar. 20	155,116	149,096	504,414	92	90
Mar. 27	139,911	150,754	488,197	95	90
Apr. 3	172,412	153,030	511,220	95	90
Apr. 10	153,260	153,006	510,784	95	91
Apr. 17	164,805	152,494	515,700	96	92
Apr. 24	159,231	155,163	517,473	97	92
May 1	147,212	135,924	525,287	89	92
May 8	165,871	153,934	522,336	96	92
May 15	177,968	151,653	561,571	96	93
May 22	142,673	152,960	548,911	96	93
May 29	151.308	150,504	545,673	95	93
Jun. 5	168,051	141,337	565,291	92	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on June 12 a summary for the week ended June 5 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended June 5, 1943

Odd-Lot Sales by Dealers: (Customers' purchases)	Total for Week
Number of Orders	19,245
Number of Shares	559,785
Dollar Value	19,855,697
Odd-Lot Purchases by Dealers—	
(Customers' Sales)	
Number of Orders:	
Customers' short sales	101
*Customers' other sales	18,897
Customers' total sales	18,998
Number of Shares:	
Customers' short sales	2,219
*Customers' other sales	504,453
Customers' total sales	506,672
Dollar value	15,602,216
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	90
†Other sales	129,990
Total sales	130,080
Round-Lot Purchases by Dealers—	
Number of shares	172,490

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement Week Ended June 5, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 461 mills reporting to the National Lumber Trade Barometer exceeded production by 7.6% for the week ended June 5, 1943. In the same week new orders of these mills were 15.6% less than production. Unfilled order files in the reporting mills amounted to 102% of stocks. For reporting softwood mills, unfilled order are equivalent to 39 days' production at the current rate, and gross stocks are equivalent to 35 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 13.3%; orders by 16.8%.

Compared to the average corresponding week of 1935-39 production of reporting mills was 30.6% greater; shipments were 43.2% greater, and orders were 54.2% greater.

Paraguayan Pres. Visits US

President Roosevelt on June 9 welcomed to the White House President Higinio Morinigo of Paraguay, who is in the United States for an official visit. A formal dinner was given for him in the evening and he was an overnight guest at the White House.

In identical addresses before both branches of Congress on June 10, President Morinigo reaffirmed his nation's alherence to the cause of the United States and the United Nations "in the greatest tragedy which the imagination has conceived and which history has recorded in all time."

"Paraguay has kept and will continue to keep faithfully and honorably all her international pledges," the Paraguayan chief executive told Congress.

President Morinigo left Washington on June 13 for a tour of war plants in Detroit and Buffalo, after which he will visit New York City.

Items About Banks, Trust Companies

S. Sloan Colt, President of Bankers Trust Co., New York City, announced June 14 that the Board of Directors of the Company, at a meeting held that day, voted to transfer $25,000,000 from undivided profits to the surplus account, to transfer $7,000,000 from general reserve to undivided profits, and to write down the book value of its banking premises by $2,000,000. As a result of these transfers surplus is increased to $75,000,000, making a total of $100,000,000 of capital and surplus, and it is estimated that the total capital funds as of June 30, 1943, including undivided profits, will be in excess of $122,000,000.

"We were glad to take this action," said Mr. Colt, "at the meeting of the Board of Directors which is held each year on June 13, the anniversary of the birth of Henry P. Davison, founder of Bankers Trust Company, and as marking the progress of the bank in the 40th year of its operation.

"This follows the policy of fitting the capital structure of the bank to present and prospective requirements of its customers. It is in line with the determination of the banks of the country to do their utmost to assist in the nation's maximum war effort, and at the same time to be in a position to play the fullest possible part in meeting postwar conditions."

The Board also made the following changes in the official staff of the company: R. C. Morris, J. A. Stahl and H. E. Whitney, Assistant Vice-President, were elected Vice-Presidents, and R. W. Hemminger, C. C. Lloyd, K. H. McDowell and A. E. Scott were elected Assistant Trust Officers.

The Manufacturers Trust Co., New York City, is distributing a pamphlet on the "Pay-As-You-Go-Tax Law" which contains the text of the law, with an explanation of the various provisions, as well as charts and tables showing the application of the new taxes.

The Central Savings Bank, New York City, has announced a change in its manner of interest-dividend payment, effective July 1. Interest-dividend payments will be semi-annual, credited as at the close of business Dec. 31 and June 30, instead of quarterly as heretofore.

Deposits made during a semi-annual period will be entitled to dividends computed from the first of the month following the deposit if not withdrawn until the last three business days of the semi-annual period.

The Marine Midland Trust Co., New York City, announces the election of H. Raymond De Mott, B. Robert Rand and H. Everett Smith as Assistant Treasurers. Mr. De Mott is in the real estate department; Mr. Rand at the 45th Street office, and Mr. Smith in the credit department.

Austin S. Igleheart, Executive Vice-President of the General Foods Corp., has been elected a Director of the Chase National Bank of New York. He is also a Director of the Borden Co. and the Chicago & Eastern Illinois Railroad and First Vice-President of the Grocery Manufacturers of America.

David M. Keiser, President of the Cuban-American Sugar Co., Guantanamo Sugar Co. and Geo. E. Keiser & Co., Inc., sugar brokers, has been elected a Director of the Grace National Bank of New York.

Announcement has been made by the National City Bank of New York that the Board of Directors of the bank has approved and authorized the addition to surplus account of $7,500,000, increasing this account from $77,500,000 to $85,000,000. The announcement from the bank June 10 said:

"This resulted principally from the receipt by the bank from the City Company of New York, Inc. (in dissolution) of the proceeds of the recent sale by the company of its stock holdings in the West Indies Sugar Corp."

Robert A. Barnet, President of the Irving Savings Bank of New York announces the election of John Tiebout, Jr., as a member of the Board of Trustees of the bank. Mr. Tiebout is President and Treasurer of W. & J. Tiebout, Inc., one of the largest marine equipment firms in New York which was established in 1853, just two years after the bank opened its doors for business.

Edward D. Rhame, Cashier of the People's National Bank, Lynbrook, Long Island, has been elected President of the Nassau County Chapter of the American Institute of Banking. Advices from Lynbrook, L. I., June 5 to the New York "Times" said:

"Others who will take office on July 1 are: John Colquhoun of the Bank of Rockville Centre Trust Co., First Vice-President; Marie Waidman of the Peninsula National Bank of Cedarhurst, Second Vice-President; Arnold Conklin of the West Hempstead National Bank, Third Vice-President; Alfred Batten of the Babylon National Bank, Treasurer, and Florence Noon of the First National Bank and Trust Co. of Freeport, Council."

James F. Dwyer, President of the Rondout National Bank, Kingston, N. Y., died on June 8 at his home in Kingston. He was 84 years old. Mr. Dwyer was also President of Dwyer Lighterage, Inc.

The Federal Reserve Bank of New York made known on June 11 that the Farmers Bank of Springville, N. Y., has been admitted to membership in the Federal Reserve System. The new member-bank, formed in 1902 as a successor to a private bank founded in 1883, brings to an even 300 the number of member-banks in the Second Federal Reserve District.

Edward H. Harris of the Home Savings Bank of Boston was elected President of the Savings Bank Forum at the annual meeting at the Boston City Club on June 8. He succeeds Fred N. Holdsworth of the Worcester County Institution for Savings. Other officers elected, according to the Boston "Herald," were: Elmer J. Thomas, Palmer Savings Bank, first Vice-President; Kendell S. Estes, Plymouth Five Cent Savings Bank, Second Vice-President; Dean E. Story, Worcester Mechanics Savings Bank, Secretary, and Frank R. Petty, Andover Savings Bank, Treasurer.

H. Edward Wolff of Elizabeth, N. J., has been elected President of the New Jersey Savings and Loan League, succeeding Edward J. Fyfe. Ferdinand Trostell of Guttenberg was named Vice-President, and Arthur F. Smethurst of Newark was elected Treasurer.

Siegfried E. Guggenheim, Vice-President of the Tradesmens National Bank & Trust Co., Philadelphia, died on June 8 at his home in Elkins Park, a suburb of Philadelphia, after a brief illness.

Mr. Guggenheim, who was 55 years old, was also President and Director of the Philadelphia Metals Works. Stating that he had been with the bank since 1906, special advices June 8 to the New York "Times" from Philadelphia said:

"He was born in Lahr, Baden.

"He was a Director of the Bankers Association for Foreign Trade and a member of the Foreign Trade Committee."

The Directors of the Mellon National Bank of Pittsburgh have added $2,500,000 to surplus, increasing that item to $32,500,000. The capital is $7,500,000, which now gives the bank a capital and surplus of $40,000,000.

The Union Trust Co., Washington, D. C., announces the promotion of S. William Miller from Treasurer to Vice-President. G. Elmer Flather, Senior Assistant Treasurer, was made Treasurer and Harry F. Harding was moved up to Mr. Flather's former post.

M. J. Fleming, President of Federal Reserve Bank of Cleveland, announced on June 11 the admission of the Lindsey Banking Co., Lindsey, Ohio, to membership in the Federal Reserve System. The bank was organized in 1906 as the German Banking Co., the title being changed to its present name in 1918. Total deposits of the institution at the present time are approximately $450,000. E. S. Loose is President of the company.

Simpler Wording For Our National Laws Urged By Heimann Of Credit Men's Group

Urging a return to simpler forms in legislative enactments, Henry H. Heimann, Executive Manager-on-leave of the National Association of Credit Men, points out in the Association's Monthly Business Review released June 15 that "the present labyrinth of laws, regulations, agencies and bureaus is such that the average citizen is completely bewildered.

"This," he says, "is a dangerous state of mind. Business men strain at every point for production in the war effort; professional men are on duty long hours to meet the civilian needs; farmers are hard at work long hours in the fields to bring about increased production; laboring men are working overtime; and other groups are so busy they cannot take the time to keep abreast of developments."

Mr. Heimann points out that the average man in the street does not even now know the actual outline of our new tax law and how it will affect him.

"Certainly this condition of mind is not conducive toward the building of an informed and educated citizenship," he says. "In some way people from all walks of life will have to assume a part in the responsibilities for making our public representatives understand that laws that are simple and clearly understood are more readily acceptable and more easily administered; that most laws can be drafted with easily understood sentences and that only the details need be altered from time to time to meet new situations."

The present situation with OPA in its efforts to reduce food prices was also pointed to by Mr. Heimann as an example of how a lack of simplicity and directness often leaves the public in a bewildered and unenlightened state which works against full cooperation. On this point, Mr. Heimann said:

"The Office of Price Administration was started quite late and its acceptance of certain fundamental principles of price control has been too long deferred. It is questionable whether anyone or any group in the present situation could do an efficient job.

"Isn't it an almost impossible job to control inflation through price ceilings unless you can effectively exercise control over wages, another factor vitally affecting prices? It is only natural, therefore, for OPA to make a public display of price control through the announcement of new price ceilings from time to time. This can be little more than superficial treatment. The fault for such an ineffective program does not rest with the OPA. On the contrary, it is taking the only action it can take in view of the limitations of its control.

"However, this does not mean that our fullest cooperation should not be given to the officials; quite the contrary. It is most essential that civilians economize to meet our stupendous war task. We must accept as a fact that there will be trials and errors, but we must cooperate in every possible way. Only by doing this can the OPA, partially at least, accomplish its objectives and anything it does accomplish is to the good. For the threat of inflation is more serious day by day. To meet it head-on requires prompt and courageous action. Such action by Government officials will be of little avail unless it is supported by a united citizenship."

Increasing Savings Assures War Funds

Saving by the individual provides fundamental reason for confidence in financing the war effort, said John W. Sandstedt, Executive Secretary of the National Association of Mutual Savings Banks, who addressed on June 15 the Savings Bank Management Conference at Andover, Mass., held under auspices of the Savings Banks Association of Massachusetts.

"It is not an exaggeration to say that a larger part of the current pay envelope is being converted into savings capital than ever before," Mr. Sandstedt added. "Educational programs carried on by the Government and the great thrift agencies of the United States are bringing to the people a better realization of what saving means for the future. We recently have witnessed two remarkable Victory Bond drives in which more than $30,000,000,000 were made available to the Government. Although this money largely came from the treasuries of fiduciary institutions, it originated in the pay envelopes of the nation and we may be sure that those same faithful pay envelopes will contribute an increasing share to victory.

"At the end of 1942, according to the Federal Reserve Board, total bank deposits, exclusive of inter-bank deposits, amounted to $88,000,000,000 and economists estimate the figure now to be in excess of $100,000,000,000, with the prospect reaching $150,000,000,000 before the end of the war. Likewise, we face the possibility of a public debt of between $250,000,000,000 and $300,000,000,000.

"Turning to the matter of national income, it is expected that income payments to the American people during 1943 will approximate $135,000,000,000. Federal, State and local personal taxes will absorb about $15,000,000,000, leaving $120,000,000,000. However, available goods and services are estimated to absorb $75,000,000,000 of value, leaving $45,000,000,000 of purchasing power in the hands of the public. Based upon these figures, prospects for savings never have been better, and the opportunities for mutual savings banks, leaders in the thrift movement 126 years, are unparalleled."

Supreme Court Upholds Excess Wheat Penalty

The United States Supreme Court reaffirmed on June 7 the constitutionality of legislation imposing a 49-cent-a-bushel penalty on wheat produced in excess of Agricultural Adjustment Agency quotas and either sold or consumed by the grower.

In Associated Press, Washington advices, the following was reported:

In a one-sentence order the court affirmed a decision by the District of Columbia Court of Appeals on a new challenge of the legislation brought by Representative L. William Lemke, Republican, of North Dakota, as attorney for a group of farmers in Ohio, Pennsylvania, Michigan and Kansas.

The Court of Appeals decision dismissing the new suit was affirmed by the high tribunal "on the authority of" a previous ruling sustaining the penalty.

Mr. Lemke contended that the Supreme Court, in a unanimous opinion last Nov. 9, had not held the legislation constitutional but had merely ruled that Roscoe C. Filburn, of Montgomery County, Ohio, who challenged the penalty, was in no position to complain because he had accepted benefits under the act.

In the new legislation Mr. Lemke contended his clients had not received benefits under the act.

The Supreme Court's previous decision was noted in these columns of Nov. 26, page 1894.

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